

Nixon's Trip Was Modest / 'We're Moving the White House to China'

The Clinton Horde Descends on Beijing, Wired and Armored

By John M. Broder
New York Times Service

WASHINGTON — This is no ordinary circus. The horde accompanying President Bill Clinton to China on Wednesday numbers more than 1,000 people and includes a blue goose, a presidential seal, and a pair of road runners.

The presidential entourage and its paraphernalia fill four passenger planes and several large C-141 military transports. The White House is taking 60 tons of communications gear, as many as 10 armored limousines and enough bottled water so that the president and first lady will not have to open a tap to bathe in the luxurious Chinese guest houses and five-star hotels where they will be staying on their nine-day trip.

The swarms include six members of Congress, five cabinet officers with their own retinues, a chief of staff and a deputy chief of staff, a national security adviser and a deputy national security adviser, a press secretary and a deputy press secretary. Five stenographers. Two two-member White House television crews. A valet for the president and a hairdresser for Mrs. Clinton. The president's private secretary and the White House staff secretary. Speech writers and rewriters; doctors and lawyers, 375 reporters and photographers. Snipers, commandos and bomb-sniffing dogs. And countless lords a-leop-

"We're moving the White House to China," a senior White House advance agent said.

Well, almost. "Rumors that he is bringing all his own furniture from the United States aren't true at all," Zhang Tianping, the public relations manager at the Diaoyutai State Guest House, where the Clintons will stay in Beijing, told Agence France-Presse.

But Mr. Clinton is bringing

President Clinton, Hillary and Chelsea Clinton
Secretaries: State, Commerce; U.S. Trade Representative; Treasury; Agriculture

Six members of Congress

National security adviser, deputy; Chief of staff, deputy; Press Secretary, deputy;

Political aides, economic advisers

SENIOR AIDES AND ADVISERS

Core party includes president and cabinet officers. Official delegation made up of these 30 and the 70 senior aides and advisers.

70 SENIOR AIDES AND ADVISERS

Senior staff from the White House and cabinet deputies.

150 SUPPORT STAFF

Includes White House press office, travel office, advance staff, translators, secretaries, speechwriters, lower-level aides from all agencies.

150 MILITARY

Includes communications support, cable, telephones, drivers, transportation, baggage.

ARMORED LIMOUSINES FOR OFFICIAL DELEGATION

About 10 limousines will accompany the delegation. Security will also fly in several Chevrolet Suburban trucks and 350 cars will be rented on arrival.

200 PRESS

An additional 175 reporters have been accredited, but will make their own way to China rather than travel with the official party.

150 SECURITY PERSONNEL

Estimated 100-200 agents from the Secret Service and other departments.

1,200 people when Mr. Clinton arrives.

That may not be far off. White House advance people have rented 350 cars in Shanghai alone.

Even in comparison with China trips by previous presidents, the size of the royal court is astonishing.

When Richard Nixon made his historic journey to Beijing in February 1972, he was accompanied by 300 people. The official party numbered 34, and only 87 members of the press were allowed to cover the visit.

The White House and the American media wanted to send at least twice as many people, while the Chinese demanded a much smaller number. Weeks of bargaining resulted in 300 eventually making the trip.

All this for a summit meeting in Beijing and postcard visits to four other cities that even the White House says are expected to yield few concrete results.

Chinese officials and U.S. diplomats in China are appalled and amused. A bewildered senior American in Beijing told a visitor that he was told to expect

By today's standards, it was a modest group, but the Chinese were shocked by the huge horde of people coming, both White House staff and the numbers of press we requested," said Winston Lord, an aide at the time to Henry Kissinger and later ambassador to China.

The shock to the Chinese had worn off a bit when Gerald Ford visited Beijing in December 1975. Records from the Ford library indicate that the contingent had grown to about 450 people, including 170 American journalists. The trip was less newsworthy than Nixon's, but in those years, for most American news organizations, it was a rare opportunity to get into China.

By the time of Ronald Reagan's visit to Beijing, Xian and Shanghai in April 1984, the traveling party had grown to nearly 600 people, including a huge increase in the Hollywood stage managers brought into the White House to assure photographic coverage. The press corps had grown to 260.

George Bush's 40-hour visit to Beijing in February 1989 was an anomaly, a hastily arranged trip essentially tacked onto his journey to Japan for the funeral of Emperor Hirohito. Records from the Bush library indicate the traveling party was about 100 people smaller than Mr. Reagan's entourage.

John Podesta, the White House deputy chief of staff coordinating the Clinton visit, said he has had to say no to scores of

officials who wanted to make the passage, and that a decision was made early on not to invite business executives. Mr. Clinton is under fire for accepting campaign contributions from a Chinese military official and for approving the sale of a satellite by a company under investigation for leaking sensitive technology to Beijing. Thus, it was an easy call to keep CEOs off Air Force One.

About 800 people joined Mr. Clinton on his recent trip to Africa but that party included corporate executives.

Secretary of State Madeleine Albright will fly in with the president. Also going are Treasury Secretary Robert Rubin, Trade Representative Charlene Barshefsky, Commerce Secre-

tary William Daley and Agriculture Secretary Dan Glickman.

Counting deputies, aides and support people, the official party numbers 100, Mr. Podesta said, and "another 500-600 will float in and out around this trip."

"We've never had a trip quite this large," he said.

White House officials say it is impossible to calculate in advance the overall cost of the trip because the expenses are paid by numerous government agencies and because many of the bills arrive for months after the trip has ended.

But for a sense of scale, news organizations have been advised that each accredited reporter can expect to pay \$15,000.

President Clinton will travel in China like a medieval king accompanied by his court. Above is an estimated breakdown of his retinue of over 1,000 people.

Ethiopian Roundups of Eritreans Harden War Mood

By Karl Vick
Washington Post Service

NAIROBI — It may be a war no one wants, over land rich mostly in dust, between peoples who until recently regarded each other as brothers and sisters in arms. Nevertheless, the conflict between Ethiopia and Eritrea shows no signs of ebbing and many of hardening.

"There will have to be a few more battles, I'm afraid," a senior adviser to President Isaias Afewerki of Eritrea said with a sigh recently. And in the following days, while diplomats from a half-dozen countries fanned fading hopes of peace, both sides continued moving troops to the front.

There were other movements as well. More than 700 Eritreans who had been living in Ethiopia were loaded onto trucks and driven hundreds of miles to the border. As many as 5,000 more await a similar fate after they were rounded up by Ethiopian authorities and detained in a pair of open camps near Addis Ababa, the capital, according to Human Rights Watch/Africa. The advocacy group, based in New York, condemns the expulsions as harassment of civilians.

"Only men," said a Human Rights Watch official, Sulman Baldo, of those expelled. "They've left families alone."

The Ethiopian government calls the forced expulsions militarily necessary. Selome Taddebe, the government's spokesman, said that Ethiopia had targeted local officials of the Eritrean People's Liberation Front, the party that governs Eritrea and has an office in Addis

Ababa, as well as an Eritrean community organization and business people suspected of supporting the enemy effort.

In addition, Eritreans in "security-sensitive posts," such as telecommunications and the electric company, were obliged to take a month's "leave" but were not forced out of the country, Ms. Selome said. More than a half-million Eritreans live in Ethiopia, by the government's count.

The Eritrean government admits to no similar policy toward the estimated total of 100,000 Ethiopians who reside within its borders. But many of them have been lining up outside the Ethiopian Embassy in Asmara, the Eritrean capital, in search of the documentation that would assure them re-entry into their home country if they are forced out of Eritrea.

In their way, the expulsions represent the most confounding fracture yet in relations between the two countries, erstwhile allies whose populations, militaries and fates appeared to be bound tightly together as recently as a few weeks ago.

"We didn't think a thing like this could happen," said Solomon Ababa, a travel agent in Asmara. "I'm still not out of the surprise of it."

The complications only begin with the fact that the governments of both Ethiopia and Eritrea grew out of rebel movements that in 1991 together defeated a repressive Marxist regime ruling Ethiopia. Eritrea, which had been an Ethiopian province, voted to become independent and became a nation in 1993. The neighbors maintained an open border and the level of official

trust was such that the authors of a military reference book cautioned readers that the arsenal of one might be shared with that of the other.

What makes the specter of mass expulsions so confusing is the extent to which heritage is shared as well. Even Eritreans and Ethiopians sometimes have trouble telling one another apart. As Foreign Minister Seyoum Mesfin of Ethiopia said in defending what he termed the "very few" expulsions, the countries are linked by "blood, culture, history, economy, trade and all other sectors."

Intermarriage has been commonplace for generations, especially between Eritreans and natives of Tigre, the northwestern Ethiopian region that gave birth to the Ethiopian rebel movement and borders Eritrea.

In fact, the mother of President Isaias of Eritrea is from Tigre and an Eritrean is the mother of Prime Minister Meles Zenawi of Ethiopia. The two men, who for years led their rebel forces in concert with one another, have had a falling out. Now Mr. Meles threatens to teach his former ally "a lesson."

The years of shared struggle are remembered in the trenches. "The fact that the people of Tigre are our friends is always in the grapevine," said Negusse Beya, an Eritrean and a prisoner of war who was made available to reporters by Ethiopian officials. "In fact, some say our brotherhood, our friendship was sealed by the blood of two peoples. But they also say that the real problem is Badame."

Badame is the heart of a 160-square-

mile (410-square-kilometer) section of land that each country says the other is trying to steal. It is remote and semi-arid, but the struggle for it summons twin rallying cries of national sovereignty.

The creation of Eritrea left Ethiopia without access to the Red Sea. And as Ethiopians rally to the flag, Eritreans worry that the border dispute may become an excuse to try to reverse history.

Shelling Is Reported

Ethiopian and Eritrean forces exchanged artillery fire early Wednesday, ending a 12-day lull in fighting. The Associated Press reported from Addis Ababa, quoting a government spokesman.

Eritrea denied that any fighting had taken place, but residents in Adigrat, 600 kilometers north of Addis Ababa, said they heard shelling for several hours Wednesday morning.

Italy Air Traffic Halts

ROME (Reuters) — Air traffic throughout Italy was paralyzed on Wednesday as ground personnel at Rome and Milan's main international airports struck for four hours.

Airport officials said about 189 national and international flights were canceled between 10 A.M. and 2 P.M. at Rome's Fiumicino and Milan's Linate airports. The cancellations would cause delays throughout the day, they said.

The staff, including officials in charge of boarding and regulating plane departures, are striking to call for a reform of the rules governing their trade organization, officials said.

Those flying in and out of Milan were expected to face more trouble on Friday when three Italian transport unions plan a 24-hour strike for ground staff at the city's Linate and Malpensa airports.

Greek railway workers began a 24-hour strike in Athens on Wednesday against government plans to reduce money-losing routes, restructure management and cut costs. (Reuters)

The U.S. government has put America West Airlines under routine observation because of labor troubles at the carrier.

While airlines are on watch status, inspectors pay attention to paperwork, inspections, flight procedures and flight attendant training. (AP)

Hurricane Blas moved on from tropical storm status with winds of more than 100 mph and gusts of up to 125 mph, according to the U.S. National Hurricane Center in Miami.

Blas was 250 miles southwest of Acapulco early Wednesday, heading west. (AP)

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe

Country	Today	Low	High	Tomorrow	Low	High
Algeria	27/80	17/62	26/82	19/66	26/82	19/66
Austria	23/70	11/52	17/62	15/56	23/70	11/52
Belgium	23/70	11/52	17/62	15/56	23/70	11/52
Denmark	23/70	11/52	17/62	15/56	23/70	11/52
France	23/70	11/52	17/62	15/56	23/70	11/52
Germany	23/70	11/52	17/62	15/56	23/70	11/52
Greece	23/70	11/52	17/62	15/56	23/70	11/52
Ireland	23/70	11/52	17/62	15/56	23/70	11/52
Italy	23/70	11/52	17/62	15/56	23/70	11/52
Japan	23/70	11/52	17/62	15/56	23/70	11/52
Netherlands	23/70	11/52	17/62	15/56	23/70	11/52
Poland	23/70	11/52	17/62	15/56	23/70	11/52
Portugal	23/70	11/52	17/62	15/56	23/70	11/52
Spain	23/70	11/52	17/62	15/56	23/70	11/52
Sweden	23/70	11/52	17/62	15/56	23/70	11/52
Switzerland	23/70	11/52	17/62	15/56	23/70	11/52
Turkey	23/70	11/52	17/62	15/56	23/70	11/52
U.K.	23/70	11/52	17/62	15/56	23/70	11/52
U.S.	23/70	11/52	17/62	15/56	23/70	11/52

North America

Country	Today	Low	High	Tomorrow	Low	High
Alaska	23/70	11/52	17/62	15/56	23/70	11/52
Canada	23/70	11/52	17/62	15/56	23/70	11/52
U.S.	23/70	11/52	17/62	15/56	23/70	11/52

Asia

Country	Today	Low	High	Tomorrow	Low	High
China	23/70	11/52	17/62	15/56	23/70	11/52
India	23/70	11/52	17/62	15/56	23/70	11/52
Japan	23/70	11/52	17/62	15/56	23/70	11/52
Korea	23/70	11/52	17/62	15/56	23/70	11/52
Malaysia	23/70	11/52	17/62	15/56	23/70	11/52
Philippines	23/70	11/52	17/62	15/56	23/70	11/52
Singapore	23/70	11/52	17/62	15/56	23/70	11/52
Taiwan	23/70	11/52	17/62	15/56	23/70	11/52
Thailand	23/70	11/52	17/62	15/56	23/70	11/52
Vietnam	23/70	11/52	17/62	15/56	23/70	11/52

Latin America

Country	Today	Low	High	Tomorrow	Low	High
Argentina	23/70	11/52	17/62	15/56	23/70	11/52
Brazil	23/70	11/52	17/62	15/56	23/70	11/52
Chile	23/70	11/52	17/62	15/56	23/70	11/52
Colombia	23/70	11/52	17/62	15/56	23/70	11/52
Costa Rica	23/70	11/52	17/62	15/56	23/70	11/52
Cuba	23/70	11/52	17/62	15/56	23/70	11/52
Ecuador	23/70	11/52	17/62	15/56	23/70	11/52
El Salvador	23/70	11/52	17/62	15/56	23/70	11/52
Guatemala	23/70	11/52	17/62	15/56	23/70	11/52
Honduras	23/70	11/52	17/62	15/56	23/70	11/52
Mexico	23/70	11/52	17/62	15/56	23/70	11/52
Nicaragua	23/70	11/52	17/62	15/56	23/70	11/52
Panama	23/70	11/52	17/62	15/56	23/70	11/52
Paraguay	23/70	11/52	17/62	15/56	23/70	11/52
Peru	23/70	11/52	17/62	15/56	23/70	11/52
Uruguay	23/70	11/52	17/62	15/56	23/70	11/52
Venezuela	23/70	11/52	17/62	15/56	23/70	11/52

Oceania

Country	Today	Low	High	Tomorrow	Low	High
Alaska	23/70	11/52	17/62	15/56	23/70	11/52
Canada	23/70	11/52	17/62	15/56	23/70	11/52
U.S.	23/70	11/52	17/62	15/56	23/70	11/52

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THE AMERICAS

Republicans Win New Mexico Vote

Election Is Seen as a Fall Preview

ALBUQUERQUE, New Mexico — In a closely watched tune-up for the fall congressional elections, Republicans retained a New Mexico seat held by their party for nearly three decades.

Heather Wilson, a Republican and a former arms negotiator in the Bush administration, defeated Phil Maloof, a Democrat and a millionaire state senator, in a special election Tuesday for the vacant seat of Representative Steve Schiff, a Republican, who died of skin cancer in March.

Ms. Wilson becomes the first woman from New Mexico to serve in Congress in 50 years. Her victory in the Albuquerque-area district was a setback for Democrats, who now will be outnumbered by 12 seats in the House of Representatives.

Hillary Rodham Clinton and Tipper Gore campaigned for Mr. Maloof in the closing days of what became the most expensive congressional campaign in New Mexico history. "So much for Democrat dreams of wielding the gavel anytime soon," said the Republican National Committee's chairman, Jim Nicholson. "This victory slams the door shut on any Democrat hopes for regaining the House."

With 99 percent of precincts reporting, Ms. Wilson had 52,357 votes, or 45 percent. Mr. Maloof had 46,217 votes, or 39 percent. A Green Party nominee, Robert Anderson, had 17,565 votes, or 15 percent, and was a key factor in the outcome of the race.

Ms. Wilson said she could be sworn in later this week. She will serve the rest of Mr. Schiff's term through this year, though she has to run against Mr. Maloof and Mr. Anderson again in November since all three have been nominated to run for a full two-year term.

"Whatever the outcome, we still have November," Mr. Maloof said.

Ms. Wilson, 37, was secretary of the state Children, Youth and Families Department before she resigned to run for Congress. She is an Air Force Academy graduate and Rhodes Scholar and once served on President George Bush's National Security Council staff.

Mr. Maloof, 31, is the son of a prominent New Mexico family that made a fortune in liquor distribution, banking, hotels and casinos. He spent more than \$1.5 million of his own money in the campaign.

Amish Culture Clash

2 Young Men From Faith on Trial In a Biker Gang's Cocaine Dealing

By Hanna Rosin
Washington Post Service

WASHINGTON — Federal prosecutors in Pennsylvania have accused two young Amish men of buying cocaine from a gang called the Pagan Motorcycle Club and distributing the drug to other young members of the religious group at parties known as "hoedowns."

"We've seen plenty of underage drinking cases but a drug case is unheard of," said John Pyfer, who is representing Abner Stoltzfus, 24. The other defendant is Abner King Stoltzfus, 23, who is no relation.

The case, which is being heard in Lancaster County, underscores the vulnerability of the Amish, who have seen suburban development and tourism encroach on their long secluded lives.

The suburbanites and the tourist gawkers have made it difficult for the Amish to close their eyes to what they consider the corrupting influences of modern lifestyles. Members of the faith do not have electricity or plumbing in their homes and they still make their way around in horse-drawn buggies.

The two accused men belong to the most conservative wing of the faith, the Old Order Amish.

Most Amish work as farmers or craftsmen and do not stray far from their homes. Abner Stoltzfus worked as a roofer, Mr. Pyfer said, and met Pagan members on his work trips outside Lancaster.

The two men were indicted Tuesday on charges of participating in a conspiracy to distribute more than \$1 million worth of cocaine and methamphetamine. Federal prosecutors placed most of the blame on eight members of the motorcycle gang, who were described as reckless and violent.

Emory Edward Reed, president of the Pagans' Chester County chapter, broke one of the defendant's legs with an ax handle when he refused an order and knocked out teeth of the other defendant when he failed to pay on time.

Members of the biker gang were known as habitual law-breakers. But no one from the Amish had ever been involved in such serious criminal activity, attorneys said.

The two men on trial allegedly bought the drugs from gang members between 1992 and 1997 and distributed them at parties of youth groups known as the Antiques, the Crickets and the Pilgrims. A juvenile identified only as CS also participated in the conspiracy, according to prosecutors, but was not charged in the indictment.

During the five years the two men were distributing cocaine, according to the charges, they were participating in an Amish rite of passage for males 16 to 24, translated loosely into English as "sowing your wild oats," Mr. Pyfer said.

Away From Politics

• America is becoming a "nation of spectators," according to a report that says too many people have disengaged from government and community work. The report, which calls on citizens to nurture civic life back to health, was released by the National Commission on Civic Renewal. (AP)

• The melting of a deep Sierra Nevada snowpack is turning recreational rivers into rampaging torrents that have killed 11 rafters in California in three weeks. (AP)

• A federal judge in Norfolk, Virginia, has barred anyone from visiting the site of the sunken Titanic, prompting complaints from a sightseeing company that says the ruling does not apply in international waters. The judge said no one could take photographs or videotape it without permission of R.M.S. Titanic Inc., which owns the salvage rights. (AP)

Monday

HEALTH/SCIENCE

With a wide range of topics from technology to space exploration, from recent medical discoveries to how the human brain functions, this in-depth feature brings up-to-date information on scientific and physical developments in the intriguing worlds of health and science.

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POLITICAL NOTES



A BIG YAWNER — Jesse Evans of Blain, Minnesota, with his mother, Sonja, and brother, Jonathan, attending a White House ceremony on Wednesday for the signing of a bill making it a felony to cross state lines to evade child support.

Clinton Plans Slashed

WASHINGTON — Setting Congress on a collision course with President Bill Clinton, a House panel has approved a proposal to slash the president's education initiatives as well as the annual financing for home-heating subsidies for poor people.

The proposal provides substantial increases for the National Institutes of Health and the Centers for Disease Control and Prevention, underscoring the Republicans' emphasis on popular health and research programs.

At the same time, it takes a \$2.6 billion bite out of administration priorities, cutting the Goals 2000 education program in half, eliminating the Low Income Home Energy Assistance Program, terminating the Summer Youth jobs program and decreasing money to tutor disadvantaged children.

Mr. Clinton called the cuts "arbitrary" and "extreme." (NYT)

Molinari's TV Star Dims

NEW YORK — It was either CBS News' experiment with creating an anchorwoman from a congresswoman, or Susan Molinari's experiment with transforming herself from a Republican Party star into a television star. From either perspective, the experiment failed.

On Tuesday, Ms. Molinari and the CBS

News president, Andrew Heyward, announced that she would leave the network, nine months after she began as the co-anchor of "CBS News Saturday Morning" with Russ Mitchell.

The coming broadcast will be her last. "I don't feel she was terribly comfortable with the format or material, even though she was very devoted to it and worked very hard at it," Mr. Heyward said in a telephone interview.

"I think she has a lot of ability and a lot to offer, but the program was not the best venue for her. I think she missed the political arena — not being in politics per se, but political commentary and analysis."

Ms. Molinari, in a statement, praised everyone she had worked with at CBS News and added: "I look forward to my next opportunity in broadcasting."

Her statement said she had accepted a visiting fellowship at Harvard University starting in the fall, and was considering "several broadcasting options, including commentary." (NYT)

Quote/Unquote

President Clinton, as he signed legislation making it a felony to cross state lines to evade child-support payments: "The quiet crisis of unpaid child support is something that our country and our families shouldn't tolerate. Our first responsibility — all of us — is to our children." (AP)



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Secret U.S. Technology Disappeared During Crash of Chinese Rocket

By Eric Schmitt
New York Times Service

WASHINGTON — A secret encoded circuit board containing sensitive technology was missing from the wreckage of an American satellite aboard a Chinese rocket that exploded in 1996, and American officials say they suspect that Chinese authorities took the board.

The disclosure of the missing circuit board, which tells an orbiting satellite which way to point to receive and transmit signals to and from Earth, was made Tuesday at an unusual joint hearing of two House committees, National Security and International Relations.

If China did steal the circuit board, it would be a violation of a technology safeguards agreement that Beijing and Washington last amended in 1993, to prevent the transfer of sensitive American military technology.

In raising that possibility, the new disclosure opened a new front in the congressional inquiry

into whether sensitive space technology was transferred to China by American aerospace corporations using Chinese rockets to launch satellites.

Representative Curt Weldon, Republican of Pennsylvania, said the circuit board would be a focus of a special committee the House created last week to investigate the wide-ranging China accusations. The control box containing the circuit board was recovered at the crash site, he said, "but the card is gone. We better call the Chinese on this issue. That is a very serious concern."

On Feb. 15, 1996, U.S. military monitors watched the Chinese rocket launch from a command post in southern China as it streaked toward space carrying a \$200 million American communications satellite. But 22 seconds after liftoff, the Long March rocket exploded, showering debris and burning fuel on a nearby Chinese village, where by U.S. accounts as many as 200 civilians were killed.

For five hours, American officials said, Chinese authorities barred them from the crash site, saying

it was for their own safety. When the Americans finally reached the area and opened the battered but intact control box of the satellite, a super-secret encoded circuit board was missing. Now congressional investigators are asking whether there could be any explanation for the missing technology other than that the Chinese took it.

At Tuesday's hearing, Mr. Weldon quoted a statement he said was given to him by the National Security Agency that warned: "If the encryption board were reversed-engineered, the knowledge gained could be used to strengthen adversaries' knowledge" of the devices the United States uses to safeguard its communications systems.

A senior Defense Department official said Tuesday that he was not aware that the government had demanded that the Chinese account for the missing encoded card. "We're not 100 percent sure they fished this encryption card," the official said. "It may have just fallen out, but we have to assume they do have it."

At the hearing, Congress also disclosed that

the Justice Department has begun an investigation of a second failed China missile launch that also involved an American satellite. This second inquiry is centered on the possible sharing of sensitive information with the Chinese without American government supervision.

The new revelation also adds a new dynamic to an ongoing Justice Department inquiry into the matter. Federal investigators are trying to determine if the two satellite-makers, Loral Space & Communications and Hughes Electronics, divulged sensitive technology to Chinese rocket scientists during an analysis of the failed launch.

The State Department oversees exports of the encoded boards as militarily sensitive technology. But when the same components are embedded in a satellite, the whole unit falls under the export controls of the Commerce Department. A government auditor told a Senate inquiry earlier this month that the Commerce rules are looser than the State rules.

Government officials insist that American

satellites launched on Chinese rockets are protected with armed, 24-hour American guards. But the Commerce rules provide little protection against sensitive technology being released in accidents like the February 1996 explosion.

William Reinsch, an undersecretary of commerce for export administration, told a House hearing last Thursday that there "there would not have been any effect on national security" if China obtained the encoded device.

But the Defense Department said in a statement it provided to Mr. Weldon that the "loss of the chips" would actually have a "minimal impact" — not an impact at all — on national security.

In addition, according to Mr. Weldon, the National Security Agency, the government's code makers and code breakers, said that it had changed the encoded algorithms in satellite circuit boards after the failed February 1996 launch.

"If there was only 'minimal impact' to national security, why did the NSA change the algorithms?" Mr. Weldon asked Tuesday.

Habibe Agrees To Cut Forces In East Timor, Bishop Reports

The Associated Press

JAKARTA — A prominent Indonesian dissident and Nobel laureate said Wednesday that President B.J. Habibie had pledged to withdraw some troops from disputed East Timor and allow its people greater freedom.

But after meeting with Mr. Habibie at the presidential palace, Bishop Carlos Ximenes Belo said that he and Indonesia's new leader had skirted a key issue: the demand of many East Timorese for a vote on independence for the Indonesian-controlled territory.

"He supports how to improve first the internal situation," Bishop Belo said after the meeting. As for a vote on independence, the bishop added: "Maybe it will come later."

Mr. Habibie has ruled out a referendum in the former Portuguese colony, which was invaded by Indonesia in 1975 and annexed the next year. Instead, he has offered special status that would grant an undefined measure of autonomy while keeping East Timor as Indonesia's 27th province.

Still, Mr. Habibie's decision to meet with Bishop Belo was a sign of new government openness.

"He's ready, through his government, to improve the situation in East Timor," said the bishop, who shared the 1996 Nobel Peace Prize with another East Timorese activist, Jose Ramos Horta. "Many suggestions that I presented, he supported them fully."

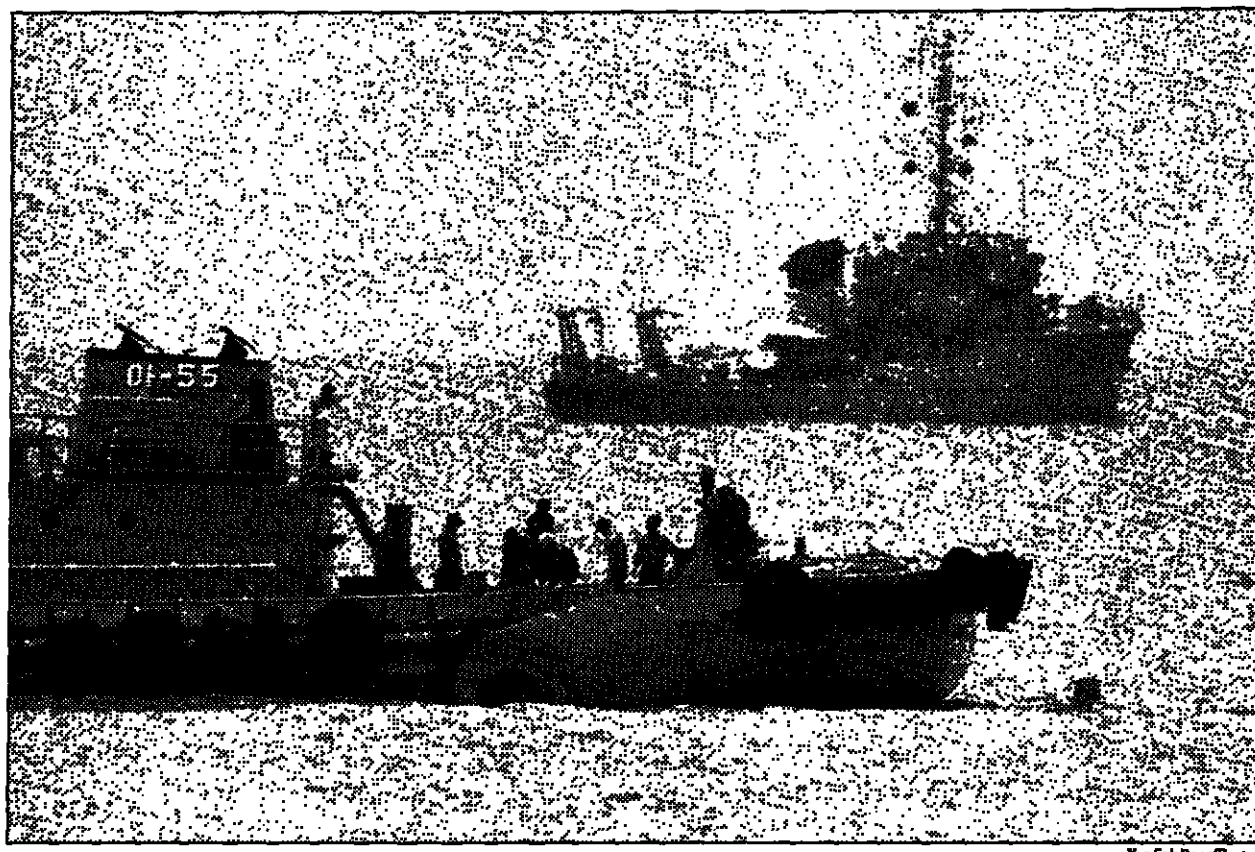
Bishop Belo's proposals included a reduction of Indonesia's heavy military presence in East Timor and greater freedom of movement for East Timor's 800,000 people. He said that Mr. Habibie had agreed on these points.

Mr. Habibie's office did not comment on the meeting.

Meanwhile, hundreds of heavily armed soldiers blocked about 300 workers from staging an anti-government protest at Parliament on Wednesday.

The army stopped a fleet of buses chartered to carry demonstrators from the offices of the Indonesian Prosperity Trade Union to the legislature. Troops also barred workers from reaching the offices.

There were no injuries or arrests.



A South Korean Navy vessel lying next to a buoy marking the position of a sunken North Korean submarine.

South Koreans Try to Raise Submarine

President Says Incident Should Not Change Approaches to the North

The Associated Press

DONGHAEE, South Korea — With warships circling, South Korean Navy frogmen attached air bags to a sunken North Korean submarine Wednesday, hoping to raise it and look inside for spies or clues to its mission.

The small submarine broke loose from a towline Tuesday while a South Korean frigate was pulling it to the Donghae naval base. It sank in 30 meters (100 feet) of water a kilometer off the coast.

A Defense Ministry spokesman, Lieutenant Colonel Kim Chong Sook, said the submarine would not be raised before Thursday afternoon because rapid currents had delayed the divers. He said he did not expect any crewmen to be alive.

President Kim Dae Jung, fearing the incident might derail his fragile efforts to entice the North to open up its society,

has ordered the Defense Ministry to refrain from retaliatory rhetoric.

Earlier, ministry officials speculated the crew managed to escape before their vessel was seized Monday while entangled in a mackerel fishing net just south of the North Korean border.

Navy divers got no response when they pounded on the sub's hull with a hammer. They also used sonar scans but detected no signs of life inside.

North Korea said Tuesday that one of its submarines was missing on a training mission after experiencing mechanical problems. But the South suspects the submarine was on a spy mission.

On Wednesday, the South Korean president visited an air base and an army command post east of Seoul in an apparent effort to counter criticism from some domestic news media that he was being too soft on North Korea.

"North Korea is revealing two or

three faces in its dealings with us," Mr. Kim told officers.

"But our principles should not be shaken," he added, reaffirming his policy of prying open the North through economic and diplomatic efforts that include humanitarian aid.

"We will not tolerate an armed provocation," Mr. Kim told the airman. "But we have to wait and see if the submarine was drifting, as the North says, or it was spying on us. Then we will act."

Authorities described the submarine as a "midget submersible," which can carry a crew of six and is used primarily to transport spies and conduct coastal surveillance.

The submarine was found not far from where a larger North Korean submarine ran aground two years ago. The 1996 incident triggered a 53-day manhunt that left 37 people dead.

BRIEFLY

Pakistan and India Will Talk in July

ISLAMABAD, Pakistan — Pakistan said Wednesday that Prime Minister Nawaz Sharif had agreed to hold bilateral talks with his Indian counterpart, Atal Behari Vajpayee, during a South Asian summit meeting in Sri Lanka beginning July 29.

Mr. Vajpayee proposed the talks in a letter that New Delhi said was written to Mr. Sharif on June 14, amid high tension between the two sides over their nuclear tests last month.

A Pakistan Foreign Ministry statement said Mr. Sharif sent a letter to Mr. Vajpayee on Tuesday, hoping the two leaders would hold the talks during the South Asian Association for Regional Cooperation meeting.

Mr. Sharif also expressed the hope that the two sides would discuss "all issues of concern, particularly issues of peace and security in the nuclearized South Asia" and their dispute over the Himalayan region of Jammu and Kashmir.

Afghanistan Rejects Israeli Quake Aid

JERUSALEM — Afghanistan has rejected an Israeli shipment of humanitarian aid for survivors of an earthquake in May that killed from 3,000 to 5,000 people, a Red Cross official said Wednesday.

A spokesman for the Red Cross in Jerusalem, David Lynch, said the Afghan authorities had refused to allow 15 tons of Israeli aid across the border from Tajikistan.

"There was an objection on the part of the embassy of the Islamic state of Afghanistan" in Tajikistan, Mr. Lynch said. "They said they never asked for any humanitarian aid from Israel."

Israel sent the shipment of blankets and tents by helicopter via Tajikistan in early June after saying Afghanistan, which has no ties with Israel, had approved the aid.

This stuff arrived, and then they withdrew their commission," Mr. Lynch said. "We can only suppose that it is for political reasons."

Mr. Lynch said Red Cross authorities were negotiating with the Afghan government to allow the shipment in.

Malaysia Departs 438 Indonesians

KUALA LUMPUR — Malaysia deported 438 illegal Indonesian workers on Wednesday in two crammed ferries that sailed from the southern port of Malacca, the national press agency Bernama reported.

The Indonesians — 320 men, 97 women and 21 children — were rounded up in a nationwide crackdown on illegal workers.

Malaysia has deported more than 30,000 Indonesians since the Asian economic crisis worsened this year. It says it expects to deport 200,000 illegal Indonesian immigrants by Aug. 15.

The last big deportation was on May 13, when 900 Indonesians were sent home in wooden trawlers. (AP)

Opposition Doubt On Cambodia Vote

PHNOM PENH — An opposition politician, Sam Rainsy, said Wednesday that the international community was willing to let democracy in Cambodia die in its rush to wash its hands of the country and turn its attention to other trouble spots.

Over the weekend, Cambodia's main aid donors and Asian neighbors endorsed preparations for Cambodia's election on July 26 despite threats from Mr. Sam Rainsy, a former finance minister, and another opposition party leader to boycott the vote if it was not postponed and made fairer.

Mr. Sam Rainsy, a popular and outspoken critic of Hun Sen's government, said he would decide on July 5 whether he would take part in the election or not.

"Most of the countries who call themselves friends of Cambodia have already made up their minds," he said. "They have already decided to endorse the election on July 26, and they turn a blind eye to many shortcomings and many irregularities because they want to wash their hands of Cambodia quickly. They have other concerns in other parts of the world."

The international community sponsored a 1991 peace treaty that officially ended the Cambodian war and then spent some \$2 billion on a two-year peace process and an election in 1993 run by the United Nations.

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EUROPE

EU to Candidates: Play by the Rules

No Exceptions for Eastern Nations

By Peter S. Green
International Herald Tribune

SALZBURG, Austria — The European Union reiterated Wednesday that Central and Eastern European countries hoping to join would be granted no exceptions from the EU's 80,000 pages of regulations and only a few rare delays in meeting the group's standards.

But prime ministers and officials of several candidate countries said they would need some protection for certain sectors of their economies if they were to survive in the expanded EU.

Speaking in Salzburg at a meeting of the World Economic Forum, the chief EU negotiator for eastward expansion, Nikolaus van der Plass, said there would be no exceptions from the rules.

"Those dealing with these negotiations will not accept any opt-outs," Mr. van der Plass said. "The negotiations are about only one thing — transition periods. Derogations are simply not in the cards."

He also said it was not certain that the first round of eastern applicants — Poland, the Czech Republic, Hungary, Estonia and Slovenia — would all join the EU on the same day.

"Each must be let in on its own merits," he said. "If you are talking about major delays of months or years, then why should one country that's ready be held up by the others?"

Most EU officials are now talking about 2003 as a target. The Polish finance minister, Leszek Balcerowicz, said that his country would ask for a grace period to meet the EU's environmental standards, which are expected to place a heavy burden on industries that are still adapting to competition with the EU. "Job creation should take precedence," Mr. Balcerowicz said.

Mr. van der Plass said the estimated 20-year, \$130 billion cost of cleaning up the Communists' environmental legacy would be taken into consideration.

Blueprint for an Infrastructure Upgrade

The European Commission unveiled a \$110 billion blueprint Wednesday to upgrade roads, railways, air and seaports in the East European countries that have asked to join the EU. The Associated Press reported from Brussels.

The EU transport commissioner, Neil Kinnock, said that the bulk of the cost of 100 billion European Currency Units must be borne by the candidates.

He estimated that it would cost them 1.5 percent of their annual gross domestic product between now and 2015 to realize the ambitious plan.

It is designed to build or upgrade 18,000 kilometers (11,100 miles) of roads, 20,290 kilometers of rail line, 38 airports and 13 ports on seas and 14 on rivers. The projects covers the countries — Poland, Hungary, the Czech Republic, Slovenia, Estonia, Lithuania, Latvia, Slovakia, Romania and Bulgaria — that expect to join the EU in the next decade.

In recent years, the EU has provided them with 1 billion European Currency Units (\$1.1 billion) in infrastructure aid. Mr. Kinnock said that between now and 2000, the figure will go to 500 million euros a year, but he made it clear "the applicant countries will have to shoulder the major share of the cost of developing the network while coping with intense pressures on their public finances."



David Trimble, center, leader of the Ulster Unionists, campaigning Wednesday in Banbridge, south of Belfast.

A Final Day of Seeking Votes in Ulster

The Associated Press

BELFAST — Protestant and Roman Catholic politicians spent a final day scrambling for votes on Wednesday before Northern Ireland selects its new cross-community government, the most important election in the history of this British-ruled territory.

The vote on Thursday will determine how many seats each party holds in a 108-member legislative assembly, which would then appoint a compromise multiparty administration.

If it works, Northern Ireland will largely govern its own affairs for the first time since the British government imposed "direct rule" from London in 1972.

Results from the 18 six-seat constituencies will start coming in Friday, but may not be completed until Saturday. Crucially, decisions in the

assembly — the bedrock of the peace agreement struck in April — will require majority support from both its British Protestant and Irish Catholic blocs.

That "double majority" requirement, while ensuring that neither side can impose sectarian policies on the other, also makes the Assembly vulnerable to obstruction by

Protestant politicians opposed to carrying out the agreement.

The Ulster Unionist Party leader, David Trimble, will be the favorite to head the administration if his Protestant party maintains its traditional No. 1 position in Northern Ireland.

But the Protestant house is badly divided among a half-

dozen parties, two of whom strongly oppose the agreement and are hoping to win enough seats to veto progress.

On Wednesday, a car bomb wounded two people in the predominantly Catholic border town of Newtownhamilton. The bomb went off outside Newtownhamilton's main barracks housing British soldiers and policemen.

BRIEFLY

Airborne Emissions to Be Cut

AARHUS, Denmark — Thirty-two nations from across Europe and North America agreed on Wednesday to slash airborne emissions from three heavy metals and ban or limit 16 of the world's most dangerous chemicals.

The legally binding phase-outs were signed here at a summit of environment ministers from across Europe, Central Asia and North America. It was sponsored by the United Nations.

Heavy metals can cause blood, liver and kidney disorders. The chemicals — persistent organic pollutants or POPs — are used as pesticides or in industry or are produced as a by-product of waste incineration or industrial processes. The Aarhus protocols are expected to take effect by 2000. (Reuters)

Adultery Is No Crime in Turkey

ANKARA — Adultery is no longer a crime in Turkey, at least until lawmakers agree on equal punishment for men and women.

The Constitutional Court on Tuesday struck down a law regulating adultery for women a year after it voided a law for male adulterers, court officials said.

Under the old law, a married woman faced between six months and three years in prison if caught with a man other than her husband. A man would receive the same punishment only if he was in a long-term adulterous relationship. (AP)

Slovakia Will Hold Elections

BRATISLAVA, Slovakia — Slovakia will hold general elections on Sept. 25 and 26, the office of the chairman of Parliament said Wednesday.

The most recent opinion polls give Prime Minister Vladimir Meciar's government between 30 and 33 percent support, with the combined opposition hovering between 55 and 60 percent. (Reuters)

For the Record

The European Commission said Wednesday it would investigate France's decision to extend the hunting season for a possible infringement of EU regulations. (AFP)

Leading Tabloid Turns on Blair Over the Euro

By Tom Buerkle
International Herald Tribune

LONDON — The British debate over the single European currency heated up dramatically on Wednesday as the country's biggest-selling tabloid launched a frontal attack on Prime Minister Tony Blair for supposedly preparing to take Britain into the euro.

"Is THIS the most dangerous man in Britain?" screamed the front-page headline of The Sun, next to a photograph of Mr. Blair. In an editorial, the paper said entering monetary union would be "the biggest gamble any prime minister has ever taken."

"The result could be disastrous for this country," it said.

The broadside was unusual against a leader who enjoys unprecedented popularity and largely deferential press

coverage. But what sent shock waves through political circles here was that it appeared in The Sun, a longtime Conservative supporter whose endorsement of Mr. Blair's Labour Party was a landmark of the 1997 election campaign and whose owner, Rupert Murdoch, has cultivated a close relationship with the prime minister.

Challenged about the article in the House of Commons, Mr. Blair defended the government's position of favoring monetary union in principle but deferring a decision based on Britain's economic interests until shortly after the next elections, which are due by 2002.

"Newspapers are entitled to their view but we govern in the national interest," he said. Aides to Mr. Blair also played down the attack as a publicity stunt by the Sun's new editor, David Yelland, recently arrived from

Mr. Murdoch's New York Post, to shore up The Sun's flagging circulation. "I think it's more a commercial thing than a political thing," a spokesman for Mr. Blair said.

But the opposition Conservative Party hailed the editorial as a sign of deep public misgivings about the single currency. Coincidentally or not, the party began a fresh campaign of its own against the euro on Wednesday, asserting that membership would damage the British economy.

Francis Maude, the party's spokesman for Treasury affairs, said it would be "irresponsible in the extreme to contemplate U.K. membership" on the timetable suggested by Mr. Blair of sometime around 2002.

Even though the ultimate decision is several years away, the debate over the euro is likely to intensify in the

months ahead. At the European Union summit meeting in Cardiff, Wales, last week, Mr. Blair spoke of the euro as a "pole of stability" in today's unstable financial climate, and the government is about to begin a newspaper advertising campaign telling businesses to prepare for the euro.

Single-currency opponents hope the editorial Wednesday in The Sun will raise doubts in Mr. Blair's mind, a distinct possibility given the newspaper's importance. The Sun has a daily circulation of more than 3.5 million.

Mr. Murdoch has softened his own euro-skepticism in recent months, speaking constructively to EU regulators at a recent conference on broadcasting and reportedly starting a discussion at an internal News Corp. meeting about the possibility of the euro's succeeding.

Diana Gardens Provoke Ire

By Sarah Lyall
New York Times Service

LONDON — As Britain braces itself for the first anniversary of the death of Diana, Princess of Wales, the government Wednesday announced a series of proposals designed to commemorate her life.

The plans, whittled down from more than 10,000 suggestions submitted to the Diana, Princess of Wales Memorial Committee, include a £5 (\$8.30) commemorative coin, which would probably have Diana's image on one side and Queen Elizabeth II on the other; a network of community nursing programs to help critically ill children; an achievement award for schoolchildren; a memorial walkway linking Westminster Abbey, where Diana's funeral was held, to Kensington Palace, where she lived; and a 16-acre (6.5-hectare), \$16 million landscaped memorial garden in Kensington Gardens.

In announcing the proposals, the chancellor of the Exchequer, Gordon Brown, praised the "time and effort" members of the public "from all walks of life" had put in to drafting suggestions about how best to remember Diana, who died in a car accident last August. "The proposals which we have announced today were amongst the most popular and appropriate we received, and we expect them to be widely acknowledged as a fitting tribute to her life and work," said Mr. Brown, the chairman of the memorial committee.

No sooner had Mr. Brown opened his mouth than the garden plan was bitterly denounced by residents of Kensington, the London borough in which it would be built, who pointed out that the princess had never been particularly interested in gardens or indeed in the outdoors. Although Mr. Brown said that the project was subject "to consultation," the residents said they were terrified that the government intended to go ahead with it anyway.

"The idea of the People's Princess has gone too far," said Jane Mayhew, a spokeswoman for the Kensington Society, a neighborhood group. "This is appealing the great British public's appetite at the expense of a whole borough."

And Sir Ronald Arculus, chairman of the Kensington Court Residents' Association, said the government seemed "obsessed" with the garden plan. "She didn't much care for gardens herself, she wasn't interested in them," he said of Diana, "and this one is a funeral thing. It's not appropriate."

Although the princess's childhood home, is to open to the public next week, complete with a Diana museum, a cafe and a gift shop. The multimillion-dollar refurbishment of the estate, which is owned by Earl Spencer, has been roundly criticized by neighbors worried about it becoming an English Graceland and by Diana-lovers concerned about the commercialization of her memory.

Austrian Church Rift Puts Cardinal in Spotlight

By Alessandra Stanley
New York Times Service

VIENNA — It is impolitic for Roman Catholics to speculate too openly about who could be the successor to Pope John Paul II.

But as the 78-year-old Pope's health declines, Vatican watchers cannot resist studying the roster of cardinals for the one who could be chosen from among a few.

One of the names frequently mentioned is that of Cardinal Christoph Schoenborn, the 53-year-old leader of the deeply divided Austrian Catholic Church.

The rift drove the Pope to travel to Austria on a pastoral mission, his third visit to Austria. While the Pope set about trying to deal with the problems of the Austrian flock, his three-day visit gave his Vatican entourage — and the Vatican press corps — a closer look at the man directly in charge of solving the problems.

Cardinal Schoenborn, like the Pope, is a staunch conservative on doctrinal matters. But he has handled a deep scandal with deft diplomacy.

During a news conference on Friday, the cardinal effortlessly charmed an often cynical press corps from Rome by calmly answering questions, in four languages, about the battles within the church. (He speaks six languages.)

Asked to give his own views on one issue bedeviling Austrian Catholics — whether laymen should be allowed to say Mass — the Cardinal launched into an extended metaphor, borrowed from Saint Paul, about how believers are parts of the same body, equally important but not interchangeable.

"Each of the members is important," he said, "so the importance is to know, 'What is my role in the body, that is to say, the church?'"

He stopped and asked with a smile, "Is that too pious?"

Before the Pope's arrival, Cardinal Schoenborn moved boldly to put to rest a sex scandal that fostered mass defections from an already embattled church.

His predecessor, Cardinal Hans Hermann Groer, was forced to resign in 1995 after allegations surfaced that 20 years earlier he molested young

men studying to become priests.

Cardinal Groer, a conservative who was appointed by the Pope in 1986, left office without acknowledging that he had done anything wrong.

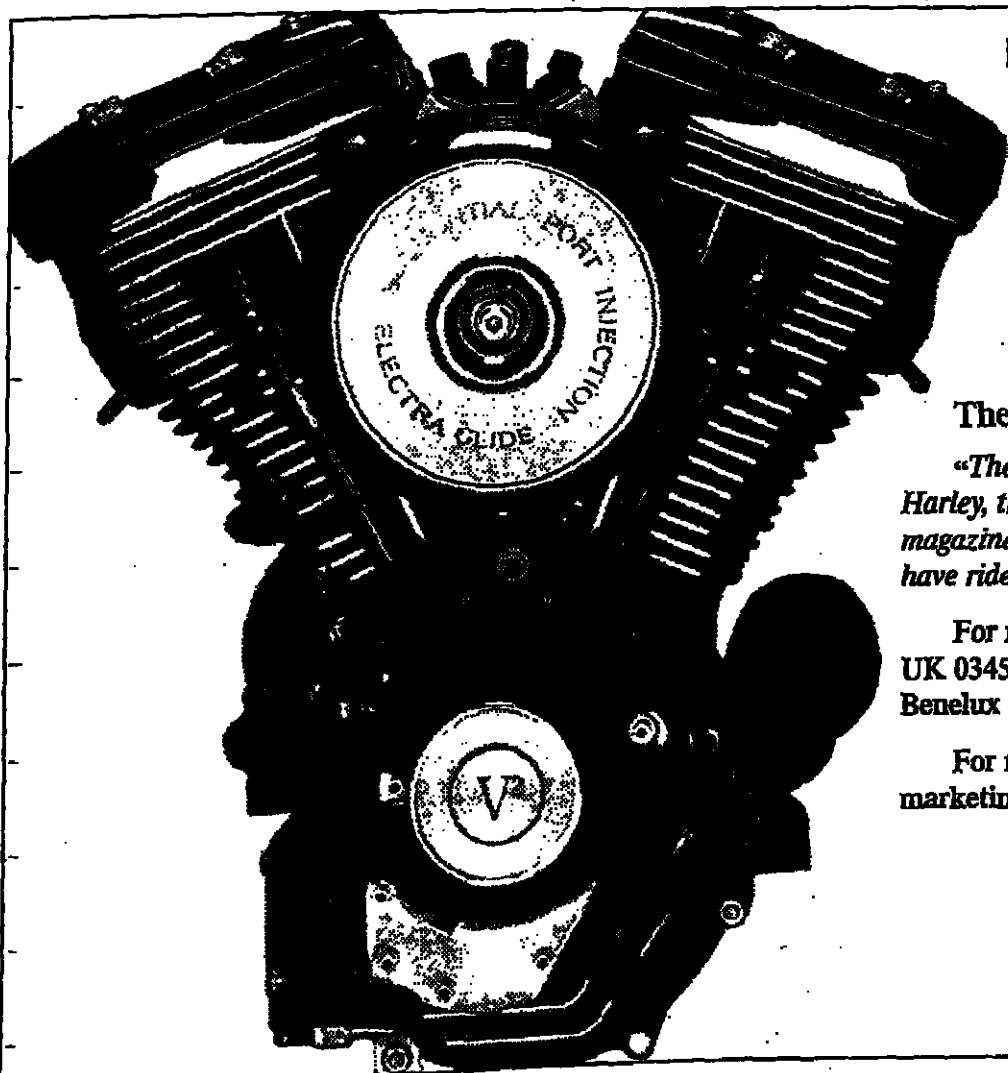
When a priest reopened the scandal in January with new charges, a conservative Austrian bishop dismissed the accuser, unleashing another round of in-fighting.

To smooth a path for the Pope's visit, Cardinal Schoenborn took the extraordinary step in April of announcing that the allegations against Cardinal Groer were true, and he apologized for his predecessor's behavior.

Cardinal Groer, who retains his title but none of his responsibilities, was sent to a monastery abroad for the period of the Pope's visit.

He preaches the need for dialogue, but he is not seen as someone who supports the growing movement for democratization. "He is a very friendly man who listens to the people," said Paul Welter, a member of a dissident lay group. "But he moves not a millimeter from his theological point."

Cardinal Schoenborn is a former theology professor who comes from a wealthy noble family.



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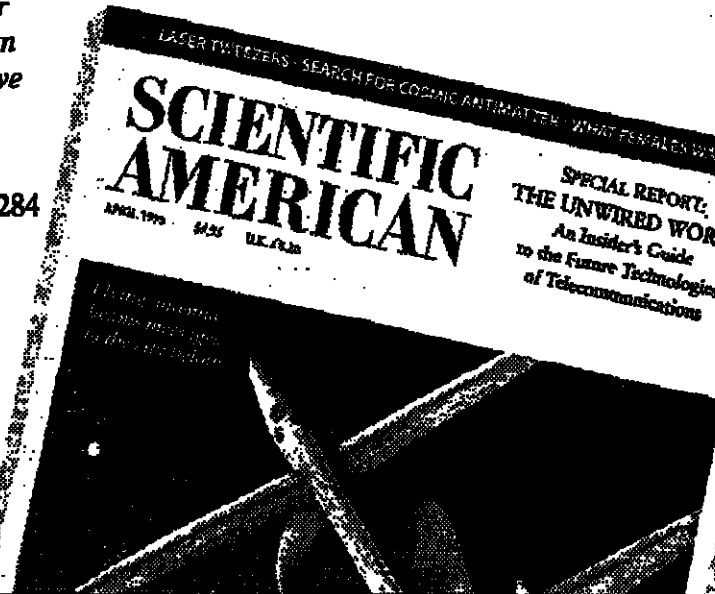
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INTERNATIONAL

France Seeks a Plan for Kosovo's Autonomy

By Craig R. Whitney
New York Times Service

PARIS — France called Wednesday for an international plan to restore autonomy to the Serbian province of Kosovo, with the threat of NATO military intervention if Serbian authorities do not quickly agree to negotiations.

Ambassadors from the 16 countries of the alliance intensified contingency planning at North Atlantic Treaty Organization headquarters in Brussels on Wednesday, allied diplomats said.

At the same time, a U.S. special envoy, Richard Holbrooke, met with eth-

nic Albanian leaders in Kosovo a day after he pressed President Slobodan Milosevic of Yugoslavia to stop Serbian attacks and resume political talks with the rebels.

An ethnic Albanian leader in Kosovo, Ibrahim Rugova, said in Brussels on Wednesday, "It's difficult to talk when ethnic cleansing is going on."

But the secretary-general of NATO, Javier Solana Madariaga, warned Mr. Rugova that the allies did not support the goal of total independence for Serbia. Kosovo had autonomy in the Yugoslav federation, now dominated by Serbia, until Mr. Milosevic revoked it in 1989.

Ninety percent of Kosovo's population is ethnic Albanian.

With more than a third of Kosovo's territory now controlled by the rebels, French officials said that they feared events could quickly spin out of control and spread fighting to neighboring Albania and Macedonia. They have both called for NATO intervention to prevent further escalation.

"This seems to me the right moment for the international community to define a statute of genuine autonomy for Kosovo," President Jacques Chirac said at a French cabinet meeting Wednesday morning. "That is necessary to restart

negotiations between the two parties." Mr. Chirac also said that only "very firm action by the international community," including the threat of military force, could break the cycle of violence in Kosovo as it did in Bosnia three years ago, after years of ineffective UN peace-keeping action there.

But he said that France continued to believe that a mandate from the UN Security Council would be needed before NATO could actually go into action in Kosovo. Both Russia and China, permanent members of the Security Council, have the right of veto there and oppose Western military intervention.

Russian officials are also meeting this week with Serbian authorities to try to get negotiations resumed.

Russia, the United States, France, Germany, Italy and Britain, joined by Japan and Canada, issued a call in London on June 12 for Serbia to stop its attacks, withdraw military forces that have inflicted 200 to 300 civilian casualties in the province and resume negotiations with Albanian leaders in Kosovo or face the possibility of NATO action.

After meeting with President Boris Yeltsin in Moscow the following week, Mr. Milosevic said he would start the talks but did not agree to take out his armed forces. NATO continued to draw up military plans for various contingencies and allied ambassadors in Brussels ordered the plans to be ready for implementation within 24 hours of a decision by political leaders to go ahead, some officials said.

NATO officials said the planning covered a range of possible options, from large-scale air strikes against Serbian air defense and other strategic sites across Yugoslavia, through moving peacekeeping troops or monitors onto the border between Albania and Kosovo, down to simply having another air power demonstration like the one staged over Macedonian territory last week to try to intimidate Serbian commanders.

Serbian forces have apparently sealed off much of the Albanian border, NATO officials said, adding that only a dozen refugees from Kosovo a day had been seen moving across, compared to hundreds a day earlier this month.

France, which has backed the military planning, pressed for as wide a range of options as possible and resisted urging by NATO military authorities for a quick, heavy series of air strikes as the only threat that would impress the Serbs, French officials said.

Whether France would actually agree to NATO strikes if Serbia remained adamant and Russia continued to oppose a mandate was another question, according to French officials.

Rebels Start Attacking Serb Minority

By Chris Hedges
New York Times Service

KLINA, Yugoslavia — The gong of church bells summoned the Serbs up to the weed-choked cemetery, with its ancient stone crosses, marble tombs etched with the faces of the departed, crooked iron gates and gnarled trees.

During the tolling, the open coffin of Oliver Zaic, 17, his face waxed with the pallor of death, was carried through the dusty streets, lifted through a hole in the cemetery fence and borne up the steep hill.

The pallbearers were jostled by the densely packed crowd of 200 mourners, and the body, wrapped in a white sheet and strewn with flowers, bobbed toward its destination on a lake of black cloth.

"Have we been abandoned?" Milic Zaic, 42, the slain boy's uncle asked the crowd as he stood over the coffin. "Are we doomed to face this terror alone? Are we strong enough to survive? You, Oliver, have shown us our destiny, the destiny of all who try to defend their homes. I apologize, my boy, that we cannot bury you in your own village."

Oliver Zaic was killed in his garden in Bica as he protected his widowed mother and 10-year-old sister, Marica, from ethnic Albanian rebels, his family said.

In recent days the rebels have changed their strategy and begun to attack and kidnap Serbian civilians in an apparent effort to drive them out of their villages in the overwhelmingly Albanian province of Kosovo in southern Serbia.

Until now the rebel group, the Kosovo Liberation Army, has avoided attacking Serbian civilians, despite the deaths of scores of ethnic Albanian civilians, including more than 20 children, in counterinsurgency sweeps the Serbs have mounted in Kosovo since March.

But in the last few days, five Serbian villages and many small hamlets and farms in the agricultural region around Klina have been seized by armed rebels after gun battles with Serbian inhabitants. The Kosovo Liberation Army has cut most of the roads in this area, isolating it from the protection of Yugoslav forces.

In turn, these attacks have swiftly drawn in armed Serbian militias thirsting for revenge and determined to defend their villages. Before, the war against Albanian separatists in Kosovo was waged by some 50,000 special police and army troops. But the new mixture of combatants threatens to usher into Kosovo the savagery inflicted on Bosnia during the war there, when battle was often waged by undisciplined paramilitary groups against civilians from opposing ethnic groups.

In recent days armed ethnic Albanian groups have expelled Serbs from Jelovac and Kijevo, which were populated by Albanians and Serbs.

There are now 900 Serbs, displaced from their homes in the last week, taking refuge in Klina, and several say male relatives detained by the rebels are still missing.

Booies have begun turning up near Serbian settlements. Zivjotin Milic, shot six times in the head, was found last Wednesday on the outskirts of Pristina, apparently a victim of the ethnic Albanian militants.

The village of Bica, just north of Klina, is one of the last Serbian villages staving off rebel bands in this corner of Kosovo, and like most it is trying to organize its men into an armed force.

As nearby Serbian farms and hamlets have swiftly fallen to rebel bands, the 1,300 inhabitants of Bica have dug four trenches, built crude underground

bunkers and established a home guard. The soccer field in the center of the village had a pile of new, white sacks filled with dirt destined for the barricades.

Shots have been fired at several cars traveling to Klina in the last three days. Brief exchanges of fire with the rebels, who occupy a hill just a few hundred yards away, punctuate the shrill drone of the cicadas. And many people with jobs in Klina say they no longer go to work because of the danger.

"The problems started in April when the Kosovo Liberation Army kidnapped three young men from the town," said Vojislav Donicic, 38, a local police officer who leads the militia, and whose extended clan has many members here.

"There were three Albanian men from the Hoti family near our village, and they agreed to be our mediators. They got the boys released after 10 days. Then, two weeks ago, the terrorists began to take hostages at us. We sent the Hoti men over to mediate again, and they never came back. We heard they were accused of being Serb collaborators and executed, but we have not found their bodies."

To prove his point, Mr. Donicic walked up a road to a small hill that looked out over a valley. When he got to the top, shots rang out and he began to run, crablike, down the embankment.

Serbian farmers, standing in a trench, let out a noisy volley from ancient bolt-action rifles, automatic rifles and an old World War II German machine gun.

"See," Mr. Donicic said, bent nearly double, "I told you. This is as far as I can go. Beyond here you get killed."

Serbian farmers say police, often assigned to sandbagged checkpoints along the main roads, are of little help. There is a feeling among Serbs in this area that Belgrade has abandoned them.

Albanian Troops in U.S. Hear an Order to Move Out

By Dana Priest
Washington Post Service

WASHINGTON — Father Dedai, an Albanian Army cadet, arrived at Camp Lejeune, North Carolina, this month for what the U.S. military hoped would be the most memorable training of his career. As part of a NATO exercise, Mr. Dedai practiced guarding a fuel depot under mortar fire, capturing a war criminal and taking out an enemy who was firing on a medical supply plane.

After he did all that, though, the real adventure began for his platoon.

Over an eight-day period, with stealth and stamina that would make a military commander proud under different circumstances, Mr. Dedai and 13 other members of the 42-man Albanian platoon slipped away from their American hosts.

They were trying, U.S. and Albanian officials believe, to desert the economic and social chaos enveloping Albania, one of central Europe's poorest countries.

On June 11, three days before the end of the exercises, the first three-man Albanian contingent moved out, walking away from an outing to a Kingston Indians baseball game after donning tourist T-shirts. Despite the camouflage, the three were stopped soon after by the Kingston police department because, said the police

chief, Michael Wightman, the men just looked out of place in the largely black town of 26,000.

But when the police department called Camp Lejeune with its suspicions, a misinformed desk officer told them that no foreign soldiers were missing, and the department released them. The men then called the K-Town Taxi service and agreed to pay \$600 for a limousine to take them more than 360 miles (580 kilometers) north to the home of a cousin in Philadelphia.

Five days later, a lone Albanian soldier left the barracks under the cover of darkness. He has not been heard from since.

The next night three others left and began a 55-mile trek to Kingston. They made it to the bus station where, on June 19, a police captain, Mike Perry, happened to drive by looking for building code violations.

"They just didn't look like they fit in," said Mr. Wightman. When Mr. Perry approached in civilian clothes but wearing a badge and carrying a gun, the cadets jumped to attention. "It kind of gave them away," said Mr. Wightman, who by then knew that Camp Lejeune was having retention problems.

The Albanians came to Camp Lejeune for "Cooperative Osprey," a NATO-sponsored exercise and part of the Partnership for Peace program established to prepare former Soviet bloc countries and their neighbors, including Albania, for NATO membership. Some 1,075 U.S. sailors and marines, as well as Canadian and

Dutch troops, also took part in Osprey. The three were turned over to the Immigration and Naturalization Service.

Two nights later, on the night before the North Atlantic Treaty Organization exercise ended, seven more Albanians left Camp Lejeune. Five were spotted Saturday walking to town, picked up by military police and turned over to the immigration service. The two others remain at large.

That same day, the cab driver, who had read about his three customers' disappearance, called the police with their Philadelphia address and the immigration service apprehended them.

U.S. military officials say it is rare for foreign troops to try to desert while attending exercises in the United States. But this is not the first time Albanian soldiers have fled. Four left NATO exercises in Fort Polk, Louisiana, in 1995. Eight others deserted a 1997 NATO exercise by blending into the crowd at a Housatonic amusement park, where 1,200 U.S. and foreign soldiers had gone on a field trip.

Eleven of the 14 Albanians now are being held by the immigration service. Three of them are in the Philadelphia jail. Mr. Dedai and seven others are confined to the seventh floor of the 3,500-bed DeKalb County jail in Georgia.

Six of the 11 have asked for political asylum. The five others are undergoing deportation proceedings.



A model of Caudipteryx zui, said to be a missing link between dinosaurs and birds, based on one of the fossils discovered in China.

Bird Link to Dinosaurs? 2 New Fossils Make Case

By John Schwartz
Washington Post Service

WASHINGTON — Newly discovered fossil remains of feathered dinosaurs provide conclusive evidence that today's birds descended from creatures like the vicious velociraptor, according to three leading scientists.

The two 120-million-year-old specimens "represent a missing link between dinosaurs and birds which we had expected to find," said Ji Qiang, director of the National Geological Museum in Beijing, who first published papers on the finds in Chinese scientific journals.

The debate over whether birds sprang from dinosaur lines or evolved separately has long been one of the most heated in a contentious field.

"Dinosaurs have become almost synonymous with the word 'controversy' in science," said Philip Currie, curator of dinosaurs at the Royal Tyrrell Museum of Paleontology in Canada.

But "one of the controversies, I think, is finally resolved," he said at a news conference at the National Geographic Society on Tuesday. Mr. Currie was joined by his colleagues, Mr. Ji and Mark Norrell of the American Museum of Natural History in New York, in displaying the fossils.

The two new species were found in Liaoning Province in northeastern China. They resemble small, bipedal, carnivorous, ground-dwelling dinosaurs

of the theropod group, which includes tyrannosaurus. But in the two new fossils, impressions of arm and tail feathers are clearly visible against the rock.

Neither of those animals could fly, the researchers suggested. The creatures, each about 75 centimeters (30 inches) long, had long, powerful legs and arms too short to provide any lift.

"We think that the development of these feathers had nothing to do with flight," Mr. Currie said. Like many biological features, the researchers believe, feathers emerged for an unrelated reason — perhaps to provide insulation against the elements, or as eye-catching plumage to attract mates. Once the feathers were in place, however, feathered dinosaurs might have been able to gain a moment's extra "hang time" by flapping their arms, or to add a touch of thrust to a leap or dive with a quick switch of the tail.

That could have provided an evolutionary advantage for escaping predators or grabbing prey, and those abilities could have grown over time, the scientists theorized, eventually leading to true flight.

The new fossil specimens also have numerous bone structures that resemble those of birds, such as swiveling wrists.

A British biologist, Thomas Huxley, first suggested a link between dinosaurs and birds 130 years ago. The theory gained greater credence in 1973 with the publication of a paper in the journal Nature by John Ostrom, a paleontologist at Yale University.

Maureen O'Sullivan Dies; Tarzan's Jane in Movies

New York Times Service

NEW YORK — Maureen O'Sullivan, 87, a leading Hollywood actress in the 1930s and early '40s best known for playing Jane to Johnny Weissmuller's Tarzan in the series of popular jungle adventure movies, died Tuesday at Scottsdale Memorial Hospital in Scottsdale, Arizona.

Ms. O'Sullivan, who was the mother of the actress Mia Farrow, had homes in Phoenix, Arizona, and Grantham, New Hampshire.

One of the brightest of ingenues, the actress appeared in more than 60 films, from "Tugboat Annie" to "Pride and Prejudice," starting with everyone from Robert Taylor to the Marx Brothers. But she was always identified with the lovely, legendary Jane, teaching the niceties of civilization and romance to the howling Tarzan, Edgar Rice Burroughs' King of the Jungle. It was a notable pairing of opposites.

Her other movie successes included "The Thin Man," "The Barretts of Wimpole Street," "Greta Garbo's" "Anna Karenina," "A Day at the Races," "A Yank at Oxford," "The Crowd Roars" and "David Copperfield" (with W.C. Fields).

Ms. O'Sullivan never stopped acting and was modest about her talents, telling an interviewer in 1986: "I didn't pretend to be an actress. I just tried to be natural, the best I could."

In another interview, she recalled that the praise she received in 1935 for her performance in the death scene of a child bride in "David Copperfield" was not because of her skill, but because of the directorial wizardry of George Cukor.

"They raved about my agonized look and the tears in my eyes," she said, "but it was all because George was twisting my feet off camera."

She retired from full-time filmmaking in 1942 to bring up the children (eventually seven) she had with her husband John Farrow, a movie writer, director and producer, and made only occasional films until 1963. In that year, Mr. Farrow died of a heart attack. She then moved her family from Southern California to New York.

In 1962, she made her Broadway debut in Sumner Arthur Long's "Never Too Late," playing opposite Paul Ford

as a suddenly expectant middle-aged wife. Both also appeared in the movie version of the comedy. After that, Ms. O'Sullivan had an active career as a Broadway actress, starring in "The Subject Was Roses," "Keep It in the Family," "No Sex Please, We're British," "Charley's Aunt" and the 1980 revival of Paul Osborn's "Morning's at Seven."

Woody Allen gave Ms. O'Sullivan her most luminous screen role when she was 75, in his 1986 hit "Hannah and Her Sisters," in which her children included her daughter Mia. The script required the aristocratic Ms. O'Sullivan to call herself "a boozy old flirt with a filthy mouth."

In her major scene, she resumes drinking after her husband (Lloyd Nolan) has repeatedly berated her for flirting with a young television crewman while the couple were acting in a commercial. Hailing her performance, Vincent Canby of The New York Times wrote that Ms. O'Sullivan "never had five minutes on the screen to equal her work here."

Maureen O'Sullivan was born on May 17, 1911, in Roscommon, Ireland, to Major Charles Joseph O'Sullivan and the former Mary Lovatt Fraser. She was educated in convents of the Sacred Heart in London, Dublin and Paris. Desiring an acting career, she read widely and concentrated her studies on writing and music.

When she was 18, she had a chance meeting with Frank Borzage, the American director, who was in Dublin filming "Song o' My Heart," starring the celebrated tenor John McCormack. She passed a screen test to perform as his daughter and went to Hollywood to complete the film.

She appeared in several more Fox movies and then won long-term contracts with MGM. She was first matched with Mr. Weissmuller in "Tarzan, the Ape Man" in 1932. As Jane Parker, Ms. O'Sullivan was rescued by Tarzan and chose to stay with him in the jungle. Five other Tarzan pictures followed. The last with the two actors (and Cheech the chimpanzee) was "Tarzan's New York Adventure" in 1942.

Norway Seeks Ex-Israeli Agent in '73 Shooting

The Associated Press

OSLO — A quarter-century after Mossad, the Israeli intelligence agency, killed the wrong man in a botched assassination, Norway has issued an arrest warrant for a retired Israeli agent suspected in the murder.

On July 21, 1973, a Moroccan waiter, Ahmed Bouchikhi, was shot and killed as he returned from the movies with his pregnant Norwegian wife in the town of Lillehammer.

A small team of Israeli hit men apparently mistook Bouchikhi for Hassan Salameh, a Palestinian Liberation Organization intelligence chief suspected of masterminding the killing of 11 Israeli athletes at the 1972 Munich Olympics. Five men identified as Mossad agents served brief prison terms for the shooting and were then pardoned.

But Norway has long suspected that the mastermind of the killing was a top Mossad agent named Mike Harari, who was never charged.

A public prosecutor, Lasse Qvigstad, said Wednesday

that Norway was seeking the arrest of Mr. Harari, now 71 and retired, through the international police organization Interpol on charges of being an accessory to murder.

"We will ask that he be sought internationally as someone who is suspected in the Lillehammer murder 25 years ago," Mr. Qvigstad said. "There is reason to suspect him, and the statute of limitation was about to run out."

A 25-year statute of limitations on the crime expires in less than one month. By charging Mr. Harari now, prosecutors extended the time limit by another 25 years under Norwegian law.

In November 1997, Norway asked Israel for permission to take a formal deposition from Mr. Harari in an Israeli court. That request came weeks after the investigation was reopened because of reports that top Norwegian officials had been told of Mr. Harari's possible involvement a month after the killing, but failed to act.

Since Israel rejected that request, Mr. Qvigstad said, Norway decided to issue the arrest warrant for Mr. Harari.

SUMMERS: A 'Pivotal' Time for Japan, U.S. Treasury Aide Says

Continued from Page 1

concrete action, the yen will again be endangered, and could spark a new round of devaluations by more vulnerable Asian currencies.

"It is critical," Mr. Summers told the Senate International Relations subcommittee, "that Japan now act decisively to resolve the difficulties in its banking system and to make clear its readiness to carry out any further fiscal stimulus needed to achieve its goal of domestic demand-led growth."

He said the United States expected further details of Japanese intentions next month.

When the Asian financial crisis first struck last year, American officials turned to Japan to generate the economic

facilities. But the Japanese economy remained stagnant, and it is now officially in recession.

Far from becoming an economic "locomotive," Mr. Summers told the committee, Japanese imports from the United States actually decreased 16 percent from January to May, as compared with the corresponding period in 1997.

"The weakness in Japan," he said, "is now having a clear impact on the other troubled economies in Asia."

The Japanese government, moreover, estimates that the banking system has more than \$550 billion in nonperforming loans.

Financial authorities say they also fear devaluation by China, a possibility Beijing authorities raised last week. But China, Mr. Summers said, can "compete effectively at current exchange

rates."

Mr. Summers had conditional words of praise for the plan advanced by Mr. Yeltsin. He said increased tax collections, improvements in the efficiency of the financial system, greater openness to foreign investment and better-regulated relations between the central government and the regions were all "the right kinds of measures."

He added, however, that it was "very important that the actions match the rhetoric." The deputy secretary, who also visited Jakarta during his visit, spoke with cautious optimism about the new government there. President B. J. Habibie of Indonesia, he said, "has worked to create a government of inclusion." Mr. Habibie also agreed to requirements of the International Labor Organization "quite rapidly," Mr. Summers added.

DEAL: AT&T to Acquire TCI

Continued from Page 1

more a question of do-or-do-better." TCI is effectively three companies, all of which are controlled by John Malone, a former Bell Laboratories engineer who helped build TCI from a small concern. It is not clear what role Mr. Malone would play in a new company.

In addition to its huge clusters of cable TV systems, TCI has a controlling interest in Liberty Media Corp., which holds TCI's investments in such cable program services as Discovery Communications, Black Entertainment Television and nearly a dozen others. It also controls TCI Ventures, which operates TCI's investments in the Internet access company At Home and other telecommunications businesses.

By joining up with AT&T, TCI would solve its long-term need for investment capital to improve its aging cable wires, and to pay down more than \$14 billion in debt the company has accrued.

In addition to shareholder approval, an AT&T-TCI combination is likely to undergo intense review by regulators in Washington. TCI has a monopoly on cable service in virtually every area it serves, while AT&T has slightly more than 50 percent of the \$75 billion-a-year long-distance market.

"This runs up a red flag for us," said Ken Johnson, a spokesman for Representative W. J. Taubin, Republican of Louisiana, the chairman of the House Commerce Committee's telecommunications subcommittee.

TCI also has a web of partnerships and cross-ownership deals with other major cable companies, which manage about 4 million of its cable customers, and a series of programming deals with Rupert Murdoch's News Corp.

150-150

INTERNATIONAL

Clinton Vetoes Russia-Iran Missile Sanctions

By Thomas W. Lippman
Washington Post Service

WASHINGTON — President Bill Clinton has vetoed a bill passed by overwhelming margins in both houses of Congress to impose sanctions on companies in Russia that sell ballistic missile equipment or technology to Iran.

The administration has long opposed Russian assistance to Iran's missile development program. But Mr. Clinton said the sanctions are unacceptable.

He said the bill, which would target Russian companies, would "make it more difficult" to work cooperatively with Russia on a range of security issues, including missile proliferation, law enforcement, narcotics and crime.

He also said the bill would add to the proliferation of sanctions, now touching more than 70 nations, while the administration is looking for ways to restrain their use.

"Adding yet another flawed sanctions bill is not the way to start," Mr. Clinton said in a veto message Tuesday. "Existing law provides a sufficient basis for

imposing sanctions when we need them."

Michael McCurry, White House press secretary, and other officials also said that a focus on Iran would run counter to the strategy unveiled last week by Secretary of State Madeleine Albright of reaching out to Iran's relatively moderate president, Mohammed Khatami, in the hope of restoring normal relations.

The measure also contained legislation to implement the Chemical Weapons Convention, a treaty banning poison gas weapons that was ratified by the Senate last year after a strenuous lobbying effort by the Clinton administration. Congress attached the chemical weapons measure to the sanctions bill in hopes of persuading Mr. Clinton to accept the entire package.

Without the implementing legislation, the United States is technically violating a treaty the administration strongly supported. But Mr. Clinton's objections to the Russia-Iran sanctions overrode the administration's desire to see the chemical weapons measure enacted into law, administration officials said.

Mr. McCurry announced the president's intention to veto the bill shortly after a group of House Democrats

— led by the bill's sponsor, Representative Howard Berman of California — held a news conference at the Capitol urging Mr. Clinton not to do so. Mr. Berman and his colleagues predicted that Congress would override the veto.

In a gesture to the administration, Congress wrote the sanctions bill to apply only to missile or technology sales after Jan. 22 of this year. On that day, Russia adopted arms export regulations hailed by Washington as the legal tool that would enable Russia to curb exports by privately owned Russian companies.

But the president said he decided to veto the bill because it "does not allow flexibility sufficient to reflect the progress made by the Russian government in formulating policies and processes whose goal is to sever links between Russian entities and Iran's ballistic missile program."

The sanctions would have little real effect on either Russia or Iran. They would cut off for two years any U.S. exports of military equipment or weapons-usable technology to a handful of Russian companies and would prohibit U.S. loans to them.

Nerve Gas Find Toughens U.S. Stance on Embargo

By Christopher S. Wren
New York Times Service

UNITED NATIONS, New York — The first physical evidence that Iraq loaded deadly VX nerve gas into missile warheads before the 1991 Gulf War has strengthened the resolve of the United States and its allies to maintain the embargo on Iraqi oil sales, according to diplomats.

UN weapons inspectors excavated warhead fragments in March from a weapons dump at Nibai, Iraq, and shipped them to a U.S. Army laboratory

at Aberdeen, Maryland. The laboratory found significant traces of VX, an agent so toxic that a few drops can kill.

"It's a nail in the coffin for Iraq's efforts to lift sanctions and to show substantial progress on disarmament," the chief U.S. delegate, Bill Richardson, said Tuesday in an interview.

Britain's chief delegate, Sir John Weston, said there was no room to give Iraq the benefit of the doubt about the existence of "extremely potent chemical weapons" like VX. "I think it ill serves the United Nations not to look the facts in the face and to deal with them squarely

in a case of this kind," he said.

The United States and Britain have fought against relaxing the sanctions, which were imposed after Iraq invaded Kuwait in 1990, until weapons inspectors verify that Iraq is free of weapons of mass destruction and the means to make them.

The three other permanent members of the Security Council — China, France and Russia — have supported a more accommodating approach that takes into account the limited cooperation Iraq has offered so far.

The oil sanctions have already been

relaxed to allow Iraq to earn money for food and medicine imports.

But the discovery of VX on missile warhead fragments, first reported Tuesday by The Washington Post, has sounded alarms because it offers proof that the Iraqis lied when they called their VX program purely experimental. Experts say that if the Iraqis could stabilize VX sufficiently to pour it into warheads, they could also keep it stable enough to hide for years from inspectors.

President Bill Clinton left little doubt that the United States would use the discovery to keep the sanctions on Iraqi oil. "Let the inspections go forward and don't lift the sanctions until the resolutions are complied with," he said Tuesday.

Iraq, in a statement by its UN mission, said the Aberdeen analysis of warheads could not be correct because "continuous production failure" had prevented the use of VX in any munitions.

The Iraqi statement also sought to find fault with the handling of the VX samples, saying Baghdad was told that only one of the seven samples analyzed had shown variable traces of VX. It also said that the samples were taken without giving Iraq equivalent samples, as had been agreed upon, and that no soil samples were taken for comparison.

The statement also noted that Iraq had insisted that any analysis of importance be done in a neutral country or be divided among laboratories of other countries.

The Security Council was being briefed on the issue Wednesday by Richard Butler, the Australian diplomat who heads the arms inspection team.

Arafat Agrees to Form a New Cabinet

Reuters

RAMALLAH, West Bank — Yasser Arafat, the Palestinian leader, has accepted the resignation of his cabinet and will name new ministers within two weeks, a senior Palestinian official said Wednesday.

The official, Saeb Erekat, said Mr. Arafat had made the announcement to the Palestinian Legislative Council, which had pressed for political reform and threatened a no-confidence vote.

For nearly a year, the 88-member legislature and many other Palestinians have been demanding reforms since an auditor's report and a parliamentary inquiry contended that waste was rampant in Mr. Arafat's government.

Mr. Erekat said the council had granted

Mr. Arafat a two-week extension of the Thursday deadline it had set for him to name a new cabinet.

"There was a letter from President Arafat addressed to the council stating that he had accepted the resignation of the cabinet and that he continues his deliberations to form a new cabinet, which he will conclude within the next two weeks and submit for a vote of confidence," Mr. Erekat said.

The council voted to accept the letter and to accept the extension for two weeks," Mr. Erekat said.

He said the present cabinet would act in a caretaker capacity until the new ministers had been named.

Mr. Erekat said the extension had been granted because Mr. Arafat was

consulting widely.

"There are so many political parties," Mr. Erekat said. "We have a wide body of Palestinian political life and this is why time is needed."

Ziad Abu Amr, an independent member of the council, said he hoped that the new ministers would be chosen on the basis of expertise but said he was doubtful that there would be radical change. "We expect some changes and these changes have to be convincing or else the council won't give its confidence to the new cabinet," he said.

"I am skeptical about the magnitude of changes and substance, but it's up to the president to present the new faces and it's up to the council to vote on the new cabinet," Mr. Abu Amr said.

BRIEFLY



An angry demonstrator shouting in Lome, Togo, on Wednesday after the announced re-election of President Gnassingbe Eyadema.

Leader's Re-election Disputed in Togo

LOME, Togo — President Gnassingbe Eyadema, who has ruled this West African country for 31 years, Wednesday was declared the winner of Sunday's presidential elections.

But the announcement followed the resignation of the head of Togo's national election commission, saying she had been intimidated and harassed.

The re-election announcement sent thousands of young people spilling into the streets of Lome, calling for the president's resignation.

"We want Gilchrist Olympio," many demonstrators shouted, calling out the name of the main opposition candidate.

Envoy Sees Motive For Beirut Blasts

BEIRUT — The U.S. ambassador to Lebanon, Richard Jones, said Wednesday that grenade explosions near the U.S. Embassy were designed to undermine stability in Lebanon and

shake up the United States.

On Sunday, rocket-propelled grenades exploded near the heavily-protected U.S. Embassy, isolated on a hilltop on the edge of Beirut.

The devices caused no casualties or damage but raised security concerns in a country where Americans were targeted in deadly attacks in the 1980s.

Peru Bars Freedom For Jailed American

LIMA — President Alberto Fujimori of Peru has rejected a proposal by his prime minister to free Lori Berenson, a U.S. citizen jailed for life on terrorism charges in a top security prison in the Andes.

Prime Minister Javier Valle Riestra recommended this week that Mr. Fujimori pardon and expel Miss Berenson, 28.

But Mr. Fujimori said he had no doubt that Miss Berenson was a "terrorist" affiliated with the Marxist Tupac Amaru Revolutionary Movement. He said that freeing her would send a "negative signal" to Peruvians and the international community alike.

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Redrawing Jerusalem

Prime Minister Benjamin Netanyahu has chosen an awkward moment to redraw the boundaries of Jerusalem, one of the most sensitive issues in the Mideast peace talks. The point of those talks is to resolve disputed issues by negotiation and compromise, not by one side's acting on its own.

At Mr. Netanyahu's behest, Washington has been trying to find a formula to move the peace talks forward to the toughest remaining issues. These include boundaries within greater Jerusalem, the future of Jewish settlements and the political status of Palestinian-controlled areas.

Mr. Netanyahu says he still wants such a negotiated peace. But if he means to negotiate in good faith, he should not now be redrawing the political boundaries of greater Jerusalem.

The new boundaries would expand Jerusalem's territory by 50 percent, by annexing Israeli land to the west. Although only Israeli territory is involved, Mr. Netanyahu should not be redefining Jerusalem's borders in advance of negotiations about its future.

More provocatively, the expansion plan also contemplates including several West Bank settlements east and north of the city in an "umbrella municipality," with Jerusalem responsible for their public services.

The political status of these and other Jewish settlements should also be resolved at the negotiating table. Although they may end up under Israeli sovereignty, that should come about as

part of a broader package, perhaps in exchange for Israeli compromises on other issues.

The plan's actual bearing on the peace talks will largely depend on details still to be worked out. In response to strong criticism from Washington, Mr. Netanyahu seems to have retreated a bit, reassuring the Clinton administration that no decision has yet been made to extend Jerusalem's municipal authority further into the West Bank. That clarification is more constructive than his earlier boast that the new arrangements were "a basic change in Jerusalem's status, which will be remembered as a turning point."

But past experience, including the opening of a controversial tourist tunnel two years ago and the approval of new Jewish housing in East Jerusalem last year, should have taught Prime Minister Netanyahu that any abrupt change in the city's delicate status quo, particularly in the absence of negotiating progress with the Palestinians, can be explosive.

Mr. Netanyahu faces increasingly sharp divisions within his own cabinet over whether to take the next steps toward peace. By causing new tension over Jerusalem, he may be trying to change the subject. If so, he can expect only a temporary respite. Most Israelis believe in a negotiated peace with the Palestinians, and reasonably expect their government to move ahead toward this goal.

—THE NEW YORK TIMES

Junk the E-Mail Junk

Sending a single e-mail is easy and cheap; sending a million e-mails is just as easy and cheap, and that makes it nearly irresistible as a form of mass marketing. Anyone with e-mail has by now experienced the effects of this anomaly. People with ordinary accounts get used to deleting a stack of fly-by-night solicitations from their e-mail inboxes every morning. Parents whose children's accounts are flooded tend to react with less equanimity, especially since much of the trash advertises X-rated services or elaborate scams.

Is "spam," as junk e-mail is known, just a price you pay for using the Internet, or is it a hazard demanding government action? After kicking around the question for several years, the Senate now has passed the first stab at a law to curb the problem, an amendment sponsored by Frank Murkowski, Republican of Alaska, and Robert Torricelli, Democrat of New Jersey, and appended to a larger bill about telephone marketing practices. Senator Murkowski is well situated to find junk e-mail a menace, since his Alaska constituents mostly have to phone long distance to pick up their e-mail.

One argument for classifying junk e-mail differently from ordinary junk mail is that, as with faxes, the recipient pays. A competing bill would simply extend the law against junk faxes (which makes it illegal to send unsolicited mass faxes) to cover e-mail as well. But it has been stalled over problems of labeling and classifying unsolicited commercial, as opposed to, say, political, bulk mail.

The more general argument for regulating spam is that it adds to Internet costs and slows down service across the board. Much of it is fraudulent—for instance, promising to remove the recipient's name from future mailings if requested, but then using the return request as a way of verifying that the e-mail address really works (and pelting it all the more regularly). Mr. Murkowski's bill focuses mainly on this facet of the problem. It would require all unsolicited commercial e-mail to have a valid return address and to honor removal requests.

Although much scaled back from an earlier version that required Internet service providers to filter such bulk e-mail, this version of the bill has nonetheless drawn complaints. Some supporters of the competing bill say this approach will not really stop spam, while others say it, too, fails to define "junk" bulk commercial mail carefully enough and could interfere with individuals' well-established free speech right to send messages anonymously. If that can be fixed, though, taking a small, cautious step such as this one is probably the right way to go.

—THE WASHINGTON POST

Princely Comeback

Warm reports about Prince Charles have begun to blossom on both sides of the Atlantic. Some—little green fingerings of fact, like his contribution of a watercolor he painted of Hong Kong harbor to an auction this week at the New York Academy of Art—gently suggest a creative spirit, a charitable heart. But there are big blattering images of princely purpose ripening into color, too.

The New York Times (IHT, June 18) noted the favorable reviews for his creation of Poundbury, a new town being built on his land. Praise has welled up in British publications as different as the Financial Times and Homes and Antiques magazine. Suddenly the man once satirized as the dotty "Prince of Sorrows" is being celebrated for integrity, modesty and good taste. Town and Country put Prince Charles on its cover, smiling gently in his garden.

Such a shift in image can sometimes be the result of artful public relations work, a careful mulching and watering of the media. The British press, chastened by the criticism of its pursuit of Diana, the late princess of Wales, has been in a mood to be receptive. The image of England's remote, expensive, undisciplined royal clan was in dire need of freshening.

There were also issues of personal character. When Diana's traumatic death brought the monarchy's cold ineptitude into such sharp relief, the perception of the prince had been crumbling, piece by piece, through almost two decades of marital scandal and disintegration. She had become an icon of glamour, motherhood and good deeds. His public persona had been reduced to that of an eccentric blunderer: unrequited in love and work, ineffectual in fatherhood, moodily puttering in his garden.

Now, as her presence fades and a collection of her ball gowns goes on paid exhibition at the new Ronald Reagan Building in Washington, Prince Charles is beginning to enjoy a different kind of reputation. With his enduring lover, Camilla Parker Bowles, somewhere out of sight, and the prince more often in view in the company of his sons, there seems to be a welling public regard for him.

He is seen as a protective father, an innovative manager of his estates, a thoughtful man, a modest, candid future king. In the warmth of this summer, as his 50th birthday nears this fall, it seems the prince and his country are starting to graft. After such a long period of growing apart, it is a startling sight.

—THE NEW YORK TIMES

Clinton in China: Who's Manipulating Whom?

By William Pfaff

PARIS — President Bill Clinton's arrival in China will bring to a climax the two countries' attempts to manipulate each other's political affairs. The Chinese expect to exploit the Clinton visit to cover over their policies of internal repression and obtain implicit endorsement of their ambition to become the dominant power in Asia.

They will see in the visit validation of their recent discovery that the way to deal with America is not through the State Department or the White House, but by directly or indirectly financing political parties and election campaigns, and by persuading corporations doing business in China to lobby on China's behalf in Washington.

The administration and most of the American policy community believe that the link to America is so important to China's leadership that those leaders will shape their own policies to preserve or strengthen the link.

Washington, and business, have also convinced themselves that democracy and markets will in any case dominate China's future, producing steadily improved relations with America. This faith in inevitable progress rationalizes the administration's policy of compromise on political and human rights issues so as to promote China's market opening to American manufacturers, agricultural exports and services.

If democracy does not in the end prove part of the package, Washington will be sorry but will make the best of it. It has already apparently decided to make the best of China's avowed "technical" inability to broadcast Mr. Clinton's speeches live, which would mean tolerating censorship of the president's statements to the Chinese television and radio audiences.

Washington has a simple, dominating objective: open markets. This follows from the overpoweringly seductive prospect, or fantasy, of more than a billion Chinese consumers of American exports. American enthusiasm was evident in the air flotilla that conveyed more than a thousand officials, journalists and businessmen guests of the president to the Chinese capital, and to Tiananmen Square.

China's objective is to obtain implicit U.S. endorsement as Asia's leading power—at Japanese, Indian and Russian expense.

There is nothing sinister about this. Primacy in Asia is a normal ambition for the Chinese leaders, imposed by China's history and national self-conception since antiquity. As for the United States, its business is business, as Calvin Coolidge bleakly remarked.

China today is very far from democratic practices or a market economy. Its resistance to globalization and the international marketplace is why its economy and currency were spared the worst consequences of the Asian crash of the past six months—and why, last week, China could maneuver Treasury Secretary Robert Rubin into supporting the sinking Japanese yen and thereby protecting, for the moment, the competitiveness of Chinese exports.

China's actual future is quite unforeseeable. The government headed by Jiang Zemin is a Communist Party oligarchy, at a time when communism has lost all serious meaning in China. Its legitimacy is no longer ideological or revolutionary. It rests on the fact that so far it has kept order in the country, presiding over an economic boom while containing the negative consequences of that boom.

That the regime can go on doing this is open to serious doubt. Even if it succeeds, it is even more doubtful that this will really be enough to assure a successful future for China.

A recent newspaper report quoted an American academic as saying that President Jiang Zemin is staking his reputation in Chinese history on success in establishing a strong and lasting relationship with the United States. This may be how it looks in Washington,

where the automatic assumption is that the United States is the center of the political universe, around which other peoples orbit, seeking favor.

China, historically, has considered itself the "middle kingdom," to which others are tributary. China's future depends on what the Chinese themselves do to re-establish not only their political nation but their civilization as one central to the human experience, which is what it was in the past. Mr. Jiang's place in Chinese history will depend on that.

G.F. Hudson, in his classic history of China's relations with Europe, quotes a proverb from the 16th century which says that the Chinese alone possess two eyes. The Franks (the West-erners) possess one eye. All the other inhabitants of the earth are blind.

Two intersecting views cross one another in China today.

There is Mr. Clinton's, confident of global preeminence yet anxious, for domestic reasons, for China's trade and favor—and therefore, in a measure, in the position of suppliant.

There is the view of the Chinese, seeing in their dealings with Washington a step toward recovery of their own preeminence, lost since the Manchu decline began two centuries ago.

Whose is the two-eyed view?

International Herald Tribune,
Los Angeles Times Syndicate.

Despite Obstacles, 'the River Will Keep Flowing Eastward'

By Jiang Zemin

Mr. Jiang is president of China.

BEIJING — During my visit to the United States last year, President Clinton and I decided that China and the United States should work together toward a constructive strategic partnership. Since then, China-U.S. relations have constantly improved.

We have consulted and cooperated with each other on a series of major international issues, such as promoting peace and stability on the Korean Peninsula, mitigating the Asian financial crisis and easing tensions in South Asia.

China has contributed positively to easing the Asian financial crisis. It has taken risks and paid a price. This is manifested in China's adherence to the policy of not devaluing, and its provision of assistance totaling more than \$4 billion for Indonesia, the Republic of Korea and Thailand.

The economies of the world are increasingly interrelated. So there ought to be a common standard that it is inadvisable to commend the efforts of one country for maintaining the value of its currency [while] giving tacit approval to another country which devalues its currency. I have seen some developments in this regard and find it hard to understand.

The weakening of the yen and other currencies will inevitably have an impact on China's exports and other economic activities. We will try our best to sustain economic growth.

There is one factor that merits close attention. China has a population of 1.2 billion. In terms of the provision of food

and clothing, this presents a challenge. But it is an advantage in terms of the potential size of the domestic market.

To ease the tension in South Asia, it is most imperative that India and Pakistan keep cool-headed, exercise restraint, resume dialogue immediately and refrain from any remarks or actions that might further intensify tensions.

Both should give up their nuclear weapons programs and unconditionally sign the Nuclear Nonproliferation Treaty and the Comprehensive Test Ban Treaty.

We have always maintained

that the question of Taiwan should be resolved on the principles of peaceful reunification and "one country, two systems." The two sides of the Taiwan Strait should come together and sit and discuss this question on the basis of the "one-China" principle.

In recent years, the ever increasing contacts between people across the Taiwan Strait have significantly contributed to enhanced mutual understanding. Recently, we convened a conference on Taiwan in which we proposed to develop an all-round relationship and increase cross-strait exchanges. As a first step, the two sides may negotiate and agree on formally ending the state of hostility.

We already signed the United Nations covenant on

economic, social and cultural rights. And it is now waiting to be ratified by our National People's Congress. We intend to sign the convention on political and civil rights this fall.

When China is admitted to the World Trade Organization, there should be a balance between our rights and obligations. China is making efforts in market access, and no matter what the outcome of the negotiations, our reform and opening up will go on.

I'd like to conclude by quoting a famous poet from the Sung dynasty by the name of Xing Qi: "Despite the efforts of the mountains, the river will keep flowing eastward."

This comment has been adapted from an interview with President Jiang conducted by Lally Weymouth and published in The Washington Post.

Washington Courts Tehran and Eases Up on Baghdad

By Jim Hoagland

WASHINGTON — Containment Lite may be the way to describe the new Gulf strategy of the Clinton administration, which is de-emphasizing U.S. military muscle against Iraq and years of diplomatic hostility against Iran. It is a half-smart move, driven more by desperation than by realistic hope that peace and quiet will follow in one of the world's roughest neighborhoods.

After five years of a dual containment policy aimed at weakening both regimes, U.S. officials now acknowledge privately that the policy has run out of gas. Something new is needed.

The opening to Iran is occurring publicly, after considerable thought about the risks involved. This discussion helps make the move on Iran the smart part of the new strategy.

Bill Clinton and Secretary of

State Madeleine Albright now welcome improved relations with Tehran. They seek to encourage peaceful change there. In his year in office, President Mohammed Khatami has shown enough survivability and flexibility to merit this nuanced, hedged approach.

But strategic shifts are not about good intentions alone. Theoretically at least, setting out a road map for rapprochement with Iran should be accompanied by U.S. rallying of European nations to take a tougher stand on Iraq so that Saddam Hussein's dangerous regime can be squeezed more tightly.

That is not what is happening, in part because the administration is not willing to expose its Iraq policy and take risks, as it does on Iran. A decision by

Mr. Clinton in late April to avoid open confrontation with Iraq over UN weapons inspections is still largely unacknowledged by the administration. Mr. Clinton has in fact moved toward reaching a tacit truce with Saddam if the Iraqi appears to behave.

Shift on Iran, and drift on Iraq — these developments are already having repercussions in international relations and in U.S. politics, where Mr. Clinton is under growing Republican fire for showing weakness toward the two rogue regimes.

More importantly, Mr. Clinton's actions on Iraq risk undermining the authority and confidence of UN weapons inspectors who have made a determined effort to expose the Iraqi security units charged

with hiding Saddam's chemical and biological weapons, equipment and documents.

Richard Butler, the chief UN weapons inspector, shows increasing signs of feeling that he can no longer count on strong, unequivocal support from Washington and London, which had backed him in previous diplomatic confrontations in the Security Council with Iraq, Russia and France, or from his boss, Secretary-General Kofi Annan.

Mr. Butler's desperation surfaced last week in Baghdad, where he initially went out of his way to praise Iraq for cooperation and promise that disarmament and the lifting of economic sanctions could happen within a few months. Once outside Iraq, he withdrew the praise that France and Russia have been hammering on him to state.

Mr. Butler's puzzling performance added to the demoralization already felt within his UN Special Commission, which has the responsibility for finding and destroying prohibited weapons of mass destruction and long-range missiles in Iraq.

Some of Mr. Butler's inspectors reportedly feel that the unit's highly effective Concealment Investigation Team is in danger of being disbanded, after being rendered ineffective by a lack of active support following Mr. Annan's deal on future inspections with Saddam in Baghdad in February.

The anti-concealment team was formed in August 1997 to

track the secret service units charged with hiding the terror weapons that Baghdad has not accounted for. The most recent important discovery in March turned up warhead fragments containing the VX nerve gas.

Finding these weapons means finding and confronting those who protect them. The team's progress on this front triggered last autumn's confrontation and expulsion of U.S. inspectors by Saddam.

Mr. Clinton talked tough before the Annan deal. But in April he decided to withdraw one of the two U.S. aircraft carriers that Congress had funded to stay in the Gulf through September.

And Mr. Butler and his aides have read reports that Mr. Clinton decided at the same time not to automatically retaliate against Saddam if the inspectors are kicked out again. This leaves people who have risked their necks to contain Iraq perched on the wavering limb of policy change.

While the president leisurely travels through China on a nine-day ceremonial trip that gives little for the United States and gives a lot to his Communist hosts, the fight over UN Special Commission will come to a boil in the Security Council. American diplomatic weakness in that fight could be fatal for the commission's effectiveness, for the hopes of truly containing Saddam and for the quest for stability in the Gulf.

The Washington Post.

Bad Times for Cops in Kosovo

By Anna Husarska

SARAJEVO — Given the desperate economic situation in Serbia, a vacancy notice that offers a job which makes a man "skillful, brave and resolute" would seem a sure winner. The job is that of a policeman.

Until recently, being a Serbian policeman was relatively attractive, and being sent to Kosovo was also lucrative, if slightly boring; room and board, high per diems, a special premium for nonfamily posting. There was an occasional stone thrown by an ethnic Albanian, but cops from Serbia run the show "down there."

Since 1996, when the Kosovo Liberation Army started attacking "stooges of the oppressor regime," the job is not so boring anymore. This year there were more than 400 attacks, of which 149 were against Serbian police. Eighteen police officers were killed; others live in constant fear of being next.

A month ago, I had my own encounter with a Serbian cop in Pristina, the capital of Kosovo. I committed a minor traffic violation, and a cop went ballistic, threatening to arrest me for three months. I evoked our common Slavic roots (a tested trick), and the target of his anger switched to his superiors, who had sent him on a tour of duty to Kosovo.

Many policemen seem to feel that way. Ever since Slobodan Milosevic launched

his police forces on a crackdown of Kosovo's region of Drenica, policemen are increasingly refusing to go "down there," and many resign. In the town of Kragujevac, the Interior Ministry had to suspend 11 officers, and two asked that their contracts be terminated.

This is not just ordinary draft-dodging. It is a career-ending move by several hundred "skillful, brave and resolute" Serbs.

In the heat of the front-line reports, this phenomenon has received little attention. Serbia is a surreal place in its own right, but that policemen would be the first Serbs to rebel against Mr. Milosevic may indicate that the police ranks have not closed behind him as tightly as he thinks.

The monument to the 1389 Serbian defeat in the battle at Kosovo Polje bears this curse as its inscription: "Whoever is a Serb and of Serbian origin and does not come to fight in Kosovo, may he not have any descendants, either male or female." (The average Serbian couple has 0.9 children, whereas 2.2 are necessary for simple population reproduction.)

The ethnic Albanian guerrillas, who consider themselves freedom fighters, have no problems recruiting. Their statement, in the Pristina Al-

banian-language daily Koha Ditore, appealed to "all men between 18 and 55 to join the ranks of the struggle for the country's liberation."

The self-styled Kosovo government in exile is fundraising "to financially mobilize all Albanians to confront their priority needs for survival and to defend our people." Meanwhile, the north of Albania is said to look like a military hypermarket.

Back in Pristina, there is an epidemic of "trigger happiness." Young men think it unpatriotic not to go to Albania to fetch a gun.

The guerrillas are frank: "Men who have sent their families to Albania should return as soon as possible to defend the country. Any failure to come to Kosovo now means abandoning the lofty task of liberating the homeland."

No course on procreation needed here. Albanians in Kosovo have the highest birthrate in the whole of Europe, providing ample cannon fodder.

The guerrillas' donkey-smuggled Kalashnikovs may not be a match for Mr. Milosevic's police and military might, but the fighters are champing at the bit.

The writer is a political analyst for the International Crisis Group. She contributed this column to the Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Leo XIII Filmed

ROME — The pope, in order to prove the unfounded nature of the alarmist reports regarding his health, passed the day in the gardens of the Vatican. During his walk and drive His Holiness was photographed for the first time by the cinematograph. The carriage was preceded and followed by four Noble Guards, under the command of Count Pecci, the Pope's nephew.

1923: Fashion Foes

ATHENS — Fashion freaks and eccentricities in women's dress are arousing the ire of a Greek secret society, known as "Zealots of Jesus." Its votaries have been bringing a supply of hot tar into Athens during the last few days and tormenting women whose dress displeased them. Whenever, for instance, they saw a woman wearing no sleeves, they smeared tar on her

arms. Cavalrymen on one occasion intervened to protect the panic-stricken women.

1948: Reds Expelled

ROME — Josef Cardinal Mindszenty, Primate of Hungary, formally announced the excommunication of the members of the Hungarian government and Parliament who on June 16 nationalized Hungary's Catholic schools. The announcement came in the form of publication of Article 2324 of the Code of Canon Law providing "a priori" excommunication for persons "passing laws, decrees or resolutions against the liberty and rights of the Holy Mother Church." In 1946, the Holy See declared excommunicated all Yugoslav officials — presumably including Marshal Tito — responsible for the arrest, trial and imprisonment of the Rev. Alois Stepinac, Archbishop of Zagreb, for alleged war crimes.

Herald Tribune

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00, Fax: (1) 41.43.92.12, News: (1) 41.43.93.38
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The Poor Are U
In the 'Secession

OPINION/LETTERS

The Poor Are Unwanted
In the 'Secessionist Age'

By George F. Will

WASHINGTON — As the president of the world's most powerful nation visits the world's most populous nation, note that the future is being defined by disintegrative forces, worldwide.

In Europe in 1500 there were approximately 500 political entities. By the beginning of the 19th century there were a few dozen. The unifications of Italy and Germany further reduced the number. By 1920 Europe had 23 states with 18,000 kilometers (11,200 miles) of borders. But by 1994 it had 50 states and 40,000 kilometers of borders. In the four decades after 1945, United Nations membership tripled.

These figures lead Pascal Boniface, a French scholar, to say we live in "the secessionist age," in which secession — Kosovo is just the instance du jour — is the principal threat to peace.

Writing on "The Proliferation of States" in *The Washington Quarterly*, Mr. Boniface argues that whereas war used to be the hammer that pounded nations together, now war often is an instrument for dismantlement.

The disintegration of the Soviet Union and Yugoslavia, and Slovakia's divorce from the Czech Republic, exemplify various forms of contemporary fissuring. Mr. Boniface sees the potential for further fracturing of nations almost everywhere, from Yemen to Iraq.

In Indonesia, some of the 180 million people from 500 tribal groups spread over 18,000 islands are apt to aspire to constitute the next Hong Kong or Singapore — a small, independent economic prodigy. Indian Sikhs on the border with Pakistan seek an independent Khalistan. There is Gurkha secessionism in the Himalayan foothills and Islamic separatism in Kashmir.

Much splintering is ascribed to the recrudescence, in the post-Cold War thaw, of religious and ethnic impulses. Marx and others wrongly argued that such impulses were preindustrial forces that lost their salience and were supplanted by economic motives in the industrial era. But if Mr. Boniface is right, it may be time to revive respect for economic interpretations of historic changes.

He argues that one reason for the proliferation of nations is the pursuit of prosperity through

miniaturization. "Prosperity has dethroned power as the primary concern of states." So "when a cultural or ethnic group decides that it is the principal generator of wealth in a larger nation or federation, a secessionist movement is just a press release away."

As "the arms race has given way to a prosperity race," the Northern League has risen in Italy to express resentment of unity with the backward south. Mexico's north resents the south. In Spain, regional nationalism is strongest in the Basque and Catalan regions, the two wealthiest. South Korea's ardor for reunification of the peninsula has cooled since Germany has counted the costs of its reunification.

America's march to true nationhood was halting, in part because of economic rivalries among regions. In his new book, "A History of the American People," Paul Johnson notes that the word "nation," which some Southerners found objectionable, does not appear in the Declaration of Independence or the Constitution, and even Chief Justice John Marshall, the supreme nationalist, used the word gingerly: "America has chosen to be, in many respects and for many purposes, a nation."

It took roads — and canals, railroads, the postal service, and especially the New Deal's redistribution of wealth toward the South — to provide the economic prerequisite of national unity. Which China should note, given the huge and growing disparities between its booming coastal and lagging interior regions. "What makes China susceptible to fracturing is economic diversification," Mr. Boniface writes. "The rich in China are no more likely to want to support the poor than the rich anywhere else."

Mr. Boniface believes that the era of territorial acquisition by conquest has been followed by an era of territorial "unloading." — "a rush to become smaller in the hope of being able to pass through the eye of the needle leading toward greater wealth." In light of the worldwide waxing of centrifugal forces, America's unique combination of vast size and equitably distributed prosperity makes American preeminence seem even more likely to be prolonged.

The Washington Post

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Capital Flight

LETTERS TO THE EDITOR

Suharto's Legacy

Regarding "Suharto's Record: Flawed but Nonetheless Admirable" (Opinion, May 27) by Robert Elegant:

Mr. Elegant, citing "decades of great accomplishment" and glossing over decades of authoritarian excesses, says that the overall record of President Suharto's administration is "admirable" and that "he has left Indonesia with the physical and the psychological basis for much greater modern growth."

In fact, he has left a shattered and all but paralyzed economy, possibly facing meltdown, with a staggering public and private foreign debt of more than \$130 billion. Indonesia's banking system is on the verge of collapse (it was described recently by Moody's as "broadly insolvent"), the large majority of companies listed on the Jakarta Stock Exchange are technically bankrupt. Unemployment is projected at about 15.5 million; negative growth is estimated at 10 percent, with a collapsing currency that has lost 70 percent of its value in a year; food shortages are critical, and soaring inflation may reach 80 percent this year.

Not to mention the legacy of a nondemocratic and tightly managed political structure, a tradition of institutionalized corruption, a

new meaning to "family values," and a social fabric torn apart by ethnic tension.

HARVEY A. LEVE, Jakarta.

Mr. Suharto survived the attempts to kidnap and murder several Indonesian generals in 1965 because he was not a target. But the officer who clambered over his garden wall, escaping the assassins, was General Abdul Haris Nasution, not General Suharto. CARMEL BUDIARDJO, Thornton Heath, England.

The writer is director of the Indonesia Human Rights Campaign.

On Independent Kosovo

Willem van Eekelen's plea for an independent Kosovo (*Letters*, June 19) beautifully demonstrates the double standards and moral bankruptcy of the Western governments and the media that unquestioningly parrot their prejudices.

When Yugoslavia started to unravel in the early 1990s, the Krajina Serbs were in a similar position to that of the Kosovo Albanians — they possessed a distinct territory, were the dominant ethnic group and were the victims of oppression.

Yet far from supporting their right to autonomy, especially in light of the appalling atrocities the Krajina Serbs had suffered in World War II. Western organizations and politicians demanded they stay in Croatia, referred to them as "fascists" and actively assisted in their eventual ethnic cleansing.

It's curious how the right to political and cultural self-determination applies only to non-Serbs.

RORY YEOMANS, London.

Mr. van Eekelen, a Dutch senator and former defense minister, wrote in his letter that "the legal argument could be circumvented by recognizing Kosovo." I was stunned to read that someone who is supposed to defend the law, national and international, suggests "circumventing" it.

M. COURTNEY, Paris.

Not a European

By adding "Europeans" to the last paragraph of my letter (*Letters*, June 18), you denationalized me, much to the surprise of my friends.

I am an American citizen. RAINER ESSEN, Avignon, France.

A CIA Story of Two Men
Who Came Through It

By Donald P. Gregg

NEW YORK — At dawn on Nov. 29, 1952, an unmarked CIA transport plane clawed its way into a gray and hostile sky. Taking off from a base in South Korea, the aircraft was on a mission to drop supplies to a team of Chinese agents in Manchuria who had radioed for help, saying that they had lost most of their food when they had been parachuted into hostile territory a few days earlier.

Aboard the rescue plane were Jack Downey and Dick Fecteau.

MEANWHILE

They were helping to run a CIA agent-infiltration program, designed to report on the flow of Chinese Communist men and material into the Korean Peninsula, where furious fighting still raged along what later became the Demilitarized Zone.

The mission was doomed from the outset. The agent team had been captured by the Chinese and forced to send the SOS message. The drop zone was ringed by Chinese anti-aircraft guns, and the plane was quickly shot down. The American pilots were killed, but Mr. Downey and Mr. Fecteau survived the crash, to be tried and convicted by the Chinese for espionage.

Mr. Downey, judged by the Chinese to be the senior survivor, was sentenced to life imprisonment. He was 22 years old, 18 months out of Yale. Mr. Fecteau received a 20-year sentence.

I knew Mr. Downey well, having gone through a six-month paramilitary training program with him. He was one of the most popular and respected members of our 40-man group. Another CIA colleague and I had dinner with him the night before his ill-fated mission. We both remember his excitement and enthusiasm about what lay ahead. For the next 20 years, I thought often of Mr. Downey and Mr. Fecteau, trapped like flies in amber.

The U.S. dialogue with China was extremely limited in those days, even after an armistice agreement in Korea. Periodic meetings in Warsaw were the only chance for direct contacts with Chinese officials. Mr. Downey and Mr. Fecteau were always on the agenda, but remained in captivity.

Mr. Fecteau eventually was set free after serving 19 years of his

20-year sentence. Finally, in March 1973, Mr. Downey was released by Beijing. This followed President Richard Nixon's 1972 visit to China and an American admission that Mr. Downey had been on a CIA operation when he was shot down. He had served 20 years and four months in prison.

Mr. Downey had kept himself in strong physical and mental shape. Walking to freedom in Hong Kong, he was asked how he felt. He is reported to have said that he had noticed women's skirts were shorter than when he had been captured. He credited his reading of *Sports Illustrated* with keeping him basically abreast of world developments.

He wasted no time in putting his life back together. He was admitted to Harvard Law School in 1973. He married a Chinese textile designer studying in America, and they have a son.

In 1983, on the 10th anniversary of his release, Mr. Downey and his family were invited back to China by Beijing, a measure of the respect the Chinese had developed for the man they held captive for more than two decades. He speaks positively of the trip.

Mr. Downey has served for many years as a judge of the Superior Court in Connecticut. He remains rather laconic about his incarceration, saying that it taught him patience and that it gives him added sympathy for those he has to sentence to prison. In his quiet way, he serves as an inspiration to his friends and CIA comrades.

Mr. Fecteau is also an admirable story. He went on to become assistant director of athletics at Boston University.

In this era of celebrity worship and instant self-gratification, Mr. Downey's life is a shining example of how to deal gracefully with unexpected tragedies that fate may hold in store for us. On Thursday, the CIA will honor Mr. Downey and Mr. Fecteau at a ceremony at its Virginia headquarters.

Their resilience, courage and integrity are virtues the CIA should seek to reclaim for itself.

The writer was U.S. ambassador to South Korea from 1989 to 1993. He contributed this comment to *The Washington Post*.

BOOKS

NOW IT'S TIME TO SAY
GOODBYE

By Dale Peck. 458 pages. \$25.
Farrar, Straus & Giroux.

Reviewed by Michiko Kakutani

DALE PECK'S harrowing new novel, "Now It's Time to Say Goodbye," is that rare thing: an utterly gripping thriller — crammed full of suspense, Gothic horror and often startling violence — and a highly sophisticated piece of literary legerdemain. This dark, ferocious book reads like "Twin Peaks" and "Pulp Fiction" combined with "Days of Heaven" and "To Kill a Mockingbird," with bits of Faulkner, Carson McCullers and Flannery O'Connor thrown in for good measure. It also stands as a thoroughly original and persuasive work of art, this immensely talented young writer's most ambitious novel yet.

The story Peck tells in "Goodbye" is the story of a small Kansas town called Galatea and its legacy of violence and bigotry and unrequited passion. It is the story of what happened one year when two New Yorkers arrived in town and stumbled into that community's dark history of racism and greed. It is the story of the brutal lynching of an albino black man named Eric Johnson, and the young white girl who accused him of rape. And, finally, it is the story of the inextinguishable hold that time past exerts over time present and the long shadow cast by ancient hurts, hatreds and secrets.

As two earlier novels — "Martin and John" (1992) and "The Law of Enclosures" (1996) — have so powerfully demonstrated, Peck is a fiercely gifted modernist who uses the gaps, silences and ellipses in people's lives to create elliptical narratives that capture the fragmented, fragmentary nature of contemporary life. In the case of "Goodbye," Peck cuts back and forth in time and back and forth among various characters' perspectives — as Faulkner did

in "As I Lay Dying" — to create a choral narrative filled with ambiguities and half-truths.

The reader, never quite sure whom to trust, must slowly piece together the history of Galatea and the events that led, one year, to a series of murders, the brutal rape and abduction of a teenage girl, and a near riot. To answer the detective-story questions "Who kidnapped Lucy Robinson?" and "Who killed Eddie Comedy?" the reader must complete Peck's jigsaw puzzle portrait of Galatea.

Galatea, we learn, is really two towns: Galatea, which is all white, and Galatia, which is all black. Presiding over both is the landowner and moneylender Rosemary Krebs, a sort of female version of the evil banker in "It's a Wonderful Life." For years, the two villages have coexisted uneasily, haunted by the memory of the lynching of Eric Johnson 10 years before and united by a mutual reluctance to talk about the past.

Into this tiny, closed community step Colin Nieman, a wealthy novelist, and his lover Justin Time (who appeared in Peck's earlier novels as the writer "John"). The two men, reeling from the toll the AIDS epidemic has taken on their friends in New York and conflicted about their own disintegrating relationship, have impulsively moved to Galatea after visiting a friend of a friend who persuades them to buy a big old house near town. Colin, who has been suffering from writer's block, says he sees Galatea as raw material that can be turned into a novel. Justin — who may be Peck's stand-in as the author of this novel — says he just wants to keep from being abandoned by Colin.

One month into their stay, something terrible happens: Justin is escorting Lucy Robinson home from a dance when the two of them are jumped by a man clad in Colin's coat and shoes. The man, wearing a white Klan-like hood, overpowers Justin, leaving him crumpled on the ground, then viciously rapes

Lucy and vanishes with her into the night. Lucy, we learn, accused Eric Johnson of molesting her a decade earlier, thereby setting off the events that led to his lynching.

Has one of the homophobic townsmen tried to implicate Colin in Lucy's abduction in order to drive him and his lover out of town? Does Colin, who has already proved himself capable of violence against Justin, harbor even more dangerous secrets? Does Lucy's disappearance have something to do with the Eric Johnson case? Or has Lucy's onetime benefactor, Rosemary Krebs, set the girl up as a victim to serve her own political ends? Is Lucy's disappearance connected with the murder of the redneck Eddie Comedy, one of the men who lynched Eric Johnson? Or is it related to the assault — and eventual death — of a young street hustler known as Ratboy?

Although his language occasionally grows too biblical and too portentous to be plausible, Peck has done a virtuosic job here using narrators to conjure up an entire community, not only delineating the town's social conflicts but also limning the very private sorrows and losses that afflict the individual men and women who live there.

The physical and emotional violence depicted in these pages, which can be as disturbing as anything in a Tarantino or Peckinpah movie, will doubtless shock many readers, but it is ultimately employed in the service of a deeply humane vision. Peck's emotional wisdom about his characters, his narrative sleight of hand, and his observant, unforgiving eye all enable him to turn melodrama into tragedy, horror into something deeper and more affecting.

All of 30 years old, Peck has more than fulfilled the promise of his first two novels. He has given us a big, galvanic novel, a novel that stands as the capstone, thus far, of his impressive career.

New York Times Service

BRIDGE

By Alan Truscott

A long and successful run — perhaps the longest in the history of bridge administration — came to an end recently.

Josephine Stayman, invariably known as Tubby, resigned after 34 years in charge of the annual U.S.A. Federation Charity Game, the world's most successful such effort. Her final production generated more than \$75,000, yet another record in the series.

Her efficient deputy, Marci Miron, will be in charge in the future.

On the diagramed deal, sitting South, she opposed a rel-

ative, Robert Stayman, who was West. He is the president of the Greater New York Bridge Association and is the son of a cousin of her late husband, Sam, known worldwide because of the Stayman convention.

North opened two hearts, a weak two-bid that many would not choose.

East naturally overcalled two spades and was headed for trouble. South should no doubt have doubled for penalties, but passed, fearing an escape into diamonds.

A reopening double by North would still have landed East in two spades doubled, in which he might have escaped for down one. Instead North bid three diamonds, a poor

decision, and South played three no-trump.

This contract seems to have chances, but the defense was on its toes.

On a spade lead, and a heart discard from dummy, East correctly played the 10, not the ace.

South won with the king, and found it inconvenient to take a club finesse.

If East had the king then the heart ace would certainly be well placed, so she made the tricky lead of the club 10. Unfortunately for her, West grabbed the king and led the heart jack, giving the defense five tricks for down one.

The East player, Barry Rigal, was ready with an appropriate corruption of a line

of Robert Burns: "Stayman's inhumanity to Stayman."

NORTH			
♠	—		
♥	K 7 6 5 2		
♦	A J 9 4		
♣	Q 12		
WEST (D)			
♠	5 3		
♥	10 9		
♦	Q 8 7 6 3 2		
♣	K 7		
EAST			
♠	A J 10 8 7 6		
♥	Q A 4		
♦	5		
♣	9 5 3		
SOUTH			
♠	K Q 4 2		
♥	3		
♦	K 10		
♣	A J 10 8 6		
East and West were vulnerable.			
West	North	East	South
Pass	2♥	2♣	Pass
Pass	3♦	Pass	3NT
Pass	Pass	Pass	Pass
West led the spade five.			



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INTERNATIONAL

In China's Eyes, Clinton's a Nixon

And That's as Big a Compliment As Beijing's Pantheon Can Hold

By Erik Eckholm
New York Times Service

BEIJING — In his global vision, it seems, Bill Clinton ranks right up there with Richard Nixon.

Mr. Nixon will ever be revered here for reviving ties between the United States and the formerly isolated China. Now, before Mr. Clinton arrives for his first state visit to China, he is being lionized in the official press and among elements of the intelligentsia as a far-sighted statesman who had the wisdom to change course with China, shifting from his initial attack stance to his current policy of close engagement.

It's a politician's dream: newspapers, magazines and television shows are showing a deep fascination with Bill Clinton the political leader, dissecting his recent speeches on China policy and extolling his courage in the face of the China-baiters who are trying to derail the emerging "strategic partnership" between the two countries.

One newspaper ran a large picture of the president in a suit of armor, while Chinese journalists who visited Arkansas reveled in Mr. Clinton's record as governor in promoting education, not Whitewater.

The adulation of Mr. Clinton was evident Tuesday afternoon at the monthly salon of the XSH Book Club, in its headquarters in the middle of a park in northwest Beijing. The directors of the club — which markets books at a discount to its thousands of members through catalogues and seminars like the one Tuesday — assembled foreign policy experts and a few dozen Chinese journalists and book lovers to discuss three major American titles recently published in Chinese.

The first was Mr. Clinton's "Between Hope and History: Meeting America's Challenges for the 21st Century"

(Random House, 1996), the manifesto of his second administration written with William Nothdurft. This month, the book went into its second printing in China after the first several tens of thousands sold out. ("Not quite a 'Titanic' out," said the book club's editor, Xi Hong, "but a consistent top-seller over the last year.")

The second featured title, just published here this week after a rush translation job, was Monica Crowley's new memoir, "Nixon in Winter" (Random House, 1998). The third was Henry Kissinger's 1994 tome "Diplomacy" (Simon & Schuster), which appeared in Chinese last year.

Whatever American critics may have made of the Clinton book and Ms. Crowley's differential memoir of the former president who took her under his wing in his final years, the assembled professors here treated these works seriously, as offering insight into the men who made today's emerging Chinese-American partnership possible.

Qian Weizhong, deputy director of the Xinhua World Issues Research Institute, noted that by the time Mr. Clinton published his book, he had already made his momentous shift in China policy and recognized the leading role China will play in world affairs in the next century.

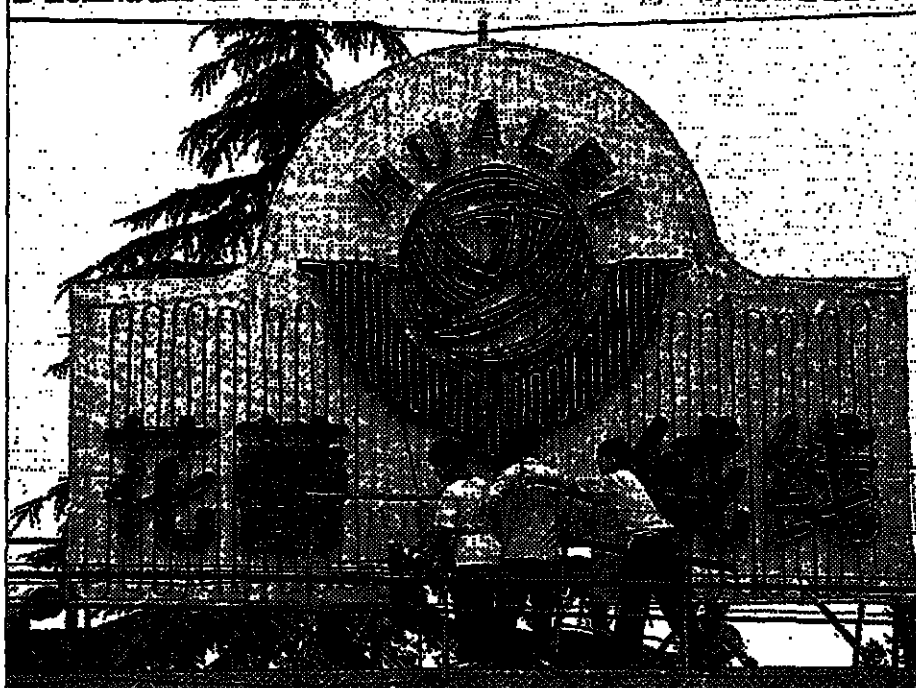
Back in the 1970s, Mr. Qian said, Mr. Nixon too presciently saw how the world system was changing and China's inevitable rise.

Wang Yizhou of the Chinese Academy of Social Sciences called the Nixon book "excellent, a reminder of how far-sighted the man was."

Mr. Kissinger's book he declared a classic. "The Kissinger book is very deep," he said, "but I like the Clinton book better."

Jia Qingguo, a political scientist at Beijing University who spent several years in the

林 顿 总 统 访 美 PRESIDENT CLINTON VISITING



Chinese workers in Xian replacing neon tubes in the sign for a hotel along a highway that President Bill Clinton will travel when he starts his visit on Thursday.

United States, was less taken with the books per se, but noted that through Mr. Clinton's book, and his rags to riches story, Chinese could better understand the American Dream.

A fourth scholar, Huang Anjian, a historian at Beijing Normal University, listed the three most important American presidents from China's perspective. The first was Franklin Roosevelt, leader during World War II, "the

most glorious period in Chinese-U.S. relations" as the countries fought together against Japanese aggression.

The second was Mr. Nixon, who set the process in motion that led to normalized relations. And third was Mr. Clinton who, despite concerns over human rights and other issues, believes that the isolation of China does not serve America's interest.

"These three men — they all have strategic vision," Mr. Huang said.

Excluded Get Exclusive

Reuters

WASHINGTON — As he prepared to begin his journey to China, President Bill Clinton on Wednesday gave an interview to U.S.-based journalists excluded by Beijing from covering his visit.

The White House, in an effort to drive home Mr. Clinton's decision to grant the interview, allowed news photographers to record the beginning of the session at the White House.

Washington has strongly protested China's decision to withdraw visas from the three journalists, who work for a group funded by the U.S. government that broadcasts into China against China's wishes.

The Chinese government told the U.S. Embassy in Beijing that it would not reverse the decision.

Mr. Clinton said he hoped the dispute would not make it harder for him to negotiate agreements with China.

Mr. Huang said.

Even greater praise has appeared in the official media.

After Mr. Clinton gave an interview to Chinese journalists in Washington last week, an article in the Economic Daily here said: "The 40-minute interview was unforgettable."

Mr. Clinton's "foresight, courage and insight deeply impressed the Chinese correspondents," the article said.

ZHAO: Plea on 1989

Continued from Page 1

"Rather than let it become an obstacle to international relations, it would be better to resolve the June 4 problem ourselves voluntarily."

In recent years, the Chinese Communist Party has modified its description of the crackdown, changing its characterization from a "counterrevolutionary riot," to an "incident" to the current usage of a very mild version of the word "disturbance."

But the party has steadfastly defended the decision to send troops to open fire on the demonstrators.

White House aides have said that Mr. Clinton will speak up about human rights problems in China during his trip, but that he will not attempt to meet with any Chinese dissidents. Such meetings would anger his host, President Jiang Zemin, and possibly put the dissidents in danger of arrest.

Mr. Zhao was toppled from power when other party leaders, including the senior leader, Deng Xiaoping, decided that Mr. Zhao was too sympathetic with student protesters. Mr. Zhao opposed the imposition of martial law and went to plead with student leaders to disperse the crowds to avoid disaster. Later, after the tanks rolled, Mr. Zhao defended the students and their demands in a secret statement to party leaders.

Mr. Zhao's letter will most likely irritate President Jiang, who replaced Mr. Zhao as Communist Party chief in 1989. Mr. Zhao made a similar plea to Communist Party leaders in September during an important party congress, and Mr. Jiang, in an interview with The Washington Post in October, sternly said that Mr. Zhao "must accept party discipline."

Many Chinese scholars said that while the outside pressures and criticisms that come with deeper contacts will be controversial here, China badly needs more foreign trade, more foreign investment, more advanced technologies and more co-operation in developing energy sources, fighting air and

America's Asian Dilemma

Plan A Isn't Working, and There Is No Plan B

By David E. Sanger
New York Times Service

WASHINGTON — The Clinton administration has tried to minimize its direct involvement in Asia's economic crisis, pulling strings at the International Monetary Fund, sending envoys to cajole foreign leaders and avoiding the lead role Washington took when it saved Mexico from economic implosion in 1995.

But as President Bill Clinton prepares to leave for China, the Asian crisis, in the words of one of Mr. Clinton's top aides, is becoming "worse and worse every day," and it is becoming far more difficult for the leader of the world's largest economy to deal with it at a distance.

For the first time, there is talk inside the administration, and at the World Bank, of the possibility of an Asian depression, which would reverberate deeply in the United States. And Mr. Clinton will end his trip in Hong Kong, once the booming example of Asian free enterprise, whose chief executive declared Tuesday that a deepening recession "is more far-reaching than we anticipated."

Market instability, which a few months ago seemed contained, now amplifies as it circles the globe. Trouble in Southeast Asia unnerves investors in Japan, the meltdown of the Japanese yen triggers a crisis of confidence in Russia and China, and nervousness in those nations rattles Central Europe and Latin America.

Plan A, a yearlong effort to devise solutions through the IMF and the World Bank, where the United States is the largest and most influential member, is clearly not working. But Mr. Clinton's economic team says that direct American aid to countries in deepest trouble — even Russia, in which the United States has the most at stake — is out of the question. In short, there is no Plan B.

In the weeks leading up to his trip, Mr. Clinton has delved into some risky market diplomacy — offering symbolic indications of support for Russia and Japan, in the hope that investors will be calmed by Washington's commitment to financial stability.

Three weeks ago, faced with an imminent devaluation of the ruble that would undercut the government of President Boris Yeltsin, Mr. Clinton backed more international financial aid for the country. Last Tuesday, concerned about an attack on the yen, he approved intervening in the currency markets to prop up Japan. On Friday, he urged China not to worsen a dicey situation by devaluing its own currency, an argument his aides say he will repeat in Beijing.

All of these are stopgap measures. Their success is dependent on domestic political decisions in Moscow and Tokyo and Beijing that the United States has relatively

little power to influence. That is worrisome for three reasons.

First, there is a fear in the White House that America's yearlong insulation from the Asian crisis may be peeling away.

Mr. Clinton's aides are circumspect about raising these worries in public — for fear of triggering more troubles in the market — but Treasury Secretary Robert Rubin's public comments make it clear he is far more worried about the domestic impact of the Asian crisis than he was two months ago.

"If a major crisis were to develop," he said last week at the White House, "the effects in our nation could be great." He cited the dramatic fall in American exports, the most measurable example.

Others worry that as money pours out of Asia, it is seeking safe haven in the United States — creating a market "bubble" that could collapse when global economic fortunes change and investors sell dollars and re-invest in Asia.

The second concern is more stark: If the IMF is unable to contain the instability, what does Washington do next? The \$12 billion U.S. contribution to the bailout of Mexico was an economic success, but it cannot be repeated. Congress refused to back financial aid for America's closest neighbor, and it screamed when Mr. Clinton dipped into a fund under the control of the Treasury and the Federal Reserve.

An amendment to a major budget bill in the House this week would forbid the administration from using the same fund again, a step that Mr. Rubin warned Tuesday would "constitute an unacceptable limitation on the executive branch's ability to protect critical U.S. economic interests."

The fund, he noted, was used last year to provide backup to the IMF in preventing an imminent national default in South Korea. But Mr. Rubin's aides concede that using the fund again, even if Congress enacts no limitation, would raise an uproar — just at the moment the administration is trying to convince the House to approve another \$18 billion for the IMF. Even if Russia needed aid, a senior official noted recently, "Where would we get the money?"

That leads to the president's third challenge: convincing China this week that it must resist temptations to devalue its own currency, and convincing Americans, via television, that the global economy can do them more good than harm.

China has said it will keep its currency pegged to the U.S. dollar, even though devaluations around Asia have made its products less and less competitive.

"China's got to hold the fort," said C. Fred Bergsten, president of the Institute for International Economics. "If not, if the strong center buckles, all hell breaks loose."

SUMMIT: What China Wants Most Is Respect

Continued from Page 1

aims. "The paramount goal of China is to modernize, and to do that we need a durable, peaceful environment," said Yan Xuetong, an expert at the Chinese Institute of Contemporary International Relations. "If we get on bad terms with the United States, we'll never get the right environment."

China has embarked on two major, dangerous transitions, said Jia Qingguo, a professor of international studies at Beijing University: a shift in politics from personal, charismatic leadership toward more bureaucratic and technocratic rule and a shift in the economy from rigid socialism toward a market economy.

"We need stability to carry out these reforms," Mr. Jia said. "And we need all the support we can get to help China through this difficult period."

Many Chinese scholars said that while the outside pressures and criticisms that come with deeper contacts will be controversial here, China badly needs more foreign trade, more foreign investment, more advanced technologies and more co-operation in developing energy sources, fighting air and

water pollution and other technical areas.

For all these things, leaders here believe, the United States is the primary source.

To be sure, the more conventional foreign policy issues that divide the two countries still resonate and could explode.

Taiwan, as officials here never tire of saying, remains the "core issue" in Chinese-American relations.

There seems little doubt that in the event of a serious step toward independence by Taiwan, China would risk all its gains by resorting to military force if necessary, possibly forcing America's hand in turn.

But experts here also recognize that Mr. Clinton has little political space to maneuver on Taiwan.

So long as he strongly reiterates American support for "one China," leaders in Beijing seem ready to let the matter ride, although they will never give up their right

to use force and harshly criticize U.S. sales of advanced weapons to Taiwan.

They also know that building closer Chinese-American ties implicitly pressures Taiwan to tread carefully.

The post-1989 sanctions barring U.S. government export loans and restricting exports of arms and certain high-technology items, such as satellites and advanced computers, definitely rankle Chinese pride and impede the priority quest for superior technology.

Still, the recent comments of Chinese officials on the sanctions sounded more resigned than angry.

Last Monday, the minister for foreign trade and economic cooperation, Shi Guangsheng, was asked whether a case-by-case, rather than general, easing of sanctions would do.

"China welcomes any action that will result in the relaxation of export restrictions," he said.

CLINTON: Shadow on Visit

Continued from Page 1

Despite the criticism, the president and his aides have stuck to the planned schedule and themes of the tour — and, more broadly, to the engagement policy that the tour is designed to promote. But officials have been cautious in defending the policy, especially if any trade-off between human rights and commerce is suggested.

When the national security adviser, Samuel Berger, was asked at a White House briefing last week whether engagement with China was producing benefits for U.S. businesses, he brushed off any temptation to boast about commercial gains. Instead, he spoke about how all Americans would benefit from Mr. Clinton's approach to human rights and by Chinese cooperation in handling the India-Pakistan nuclear showdown.

During a meeting with Washington Post editors and reporters last week, Mr. Berger asserted that Mr. Clinton, unlike many critics, refuses to view China relations through a single lens.

"There continue to be significant, serious problems with China," he said. "But there are also significant areas where we have to cooperate if we want to make progress."

If Beijing is eager for post-

Tiananmen redemption, it did not necessarily show it in the summit preparatory negotiations. China did not yield enough on trade barriers to reach an agreement for U.S. backing of Beijing's long-standing bid for membership in the World Trade Organization.

A deal to "de-target" the nuclear weapons each country has aimed at the other has foundered over China's insistence that the United States also accept a mutual pledge not to be the first to use nuclear weapons in any conflict. China is believed to have 13 of its 18 long-range nuclear weapons aimed at the United States, compared with a much larger number of U.S. missiles pointed at China.

Stanley Roth, assistant secretary of state for East Asian affairs, hinted last week that a new agreement on controlling proliferation of missile technology was possible. But Chinese officials have said they expect little progress.

While in China, Mr. Clinton will speak about human rights but he does not plan to meet with dissidents.

On Friday, he will travel to Beijing for his meeting with President Jiang Zemin. He will deliver a speech at Beijing University and visit the Great Wall. Mr. Clinton then will travel to Shanghai, Guilin and Hong Kong.

Software Winner



Ron Dennis,
Managing Director
McLaren International

McLaren is one of the winningest teams in Formula One history.

Since 1966, McLaren has won seven Constructors' World Championships, nine Drivers' World Championships and more than 100 Grand Prix. Not to mention three Indianapolis 500 wins, the Le Mans 24-hour endurance race and five consecutive Can-Am sports car titles.



West McLaren Mercedes

"To win consistently, you have to have the best. That's why we've teamed up with Computer Associates," says Ron Dennis, Managing Director for McLaren International. "Processing our engine and race data efficiently and intelligently is crucial and CA is helping us approach it in an entirely new manner."

Under a technology partnership, the West McLaren Mercedes Formula One Team and CA are developing an innovative new solution that gives the racing team's engineers the ability to easily assess and analyze the Formula car's performance data.

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"I have a favorite saying, that is, to come in second is to be the first of the losers," says Ron Dennis. "At McLaren we're interested only in winning and we associate ourselves only with winning companies. With Computer Associates and McLaren, we have two winning companies sharing a common goal and common partnership."

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Travel

IMPERIAL TRAVEL
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MANHATTAN LODGINGS, NYC
www.manhattanlodgings.com

TribTech

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1. **www.rslcom.fi** (358) 9 42 42 00
A Finnish provider of Internet telephone.
www.poptel.com; (49) 30-31 50 58 43
A German operator with gateways in Germany, the United States, Spain and China.
www.incomtel.ru (703) 725-2300
A Russian-based Internet phone company specializing in calls from Moscow to the United States, Canada and Israel.

UNITED STATES

2. **www.deltathree.com**
1-888-DELTA-3A or (1) 212-588-3670 in the U.S. or 0800 074 0404 in Britain.
One of the world's largest Internet phone companies, Delta Three uses a calling card system and has connections to European countries and others around the world.
www.idt.net (1) 888-373-4211
One of the largest Internet phone companies.
www.lco-comm.net (1) 800-984-9259
An Internet phone call wholesaler with more than 120 U.S. cities hooked up.

MIDDLE EAST

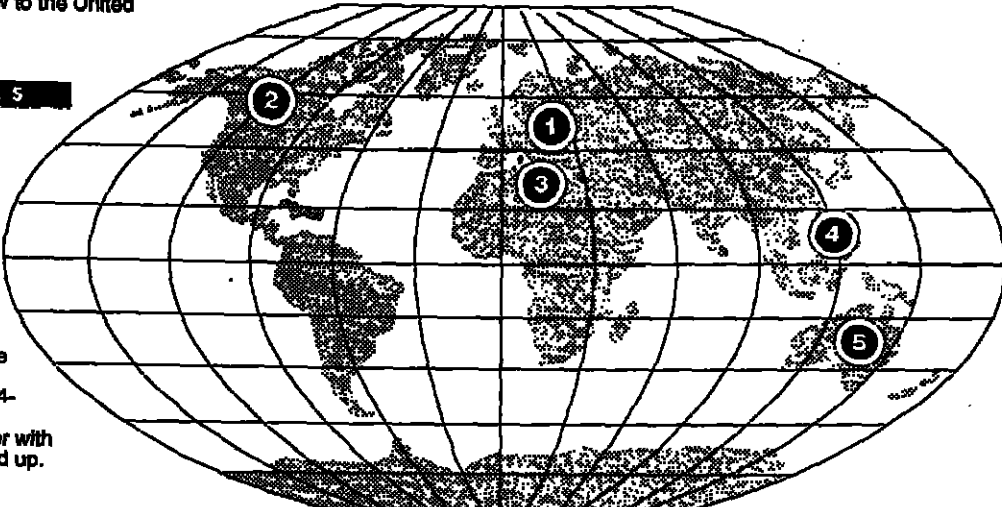
3. **www.exicom.com** (1) 203-374-7560
(in the U.S.)
A Lebanon-based company that specializes in calls between Canada, the United States and Lebanon.

ASIA

4. **www.atjones.co.jp**
(81) 3-5581-5750
An AT&T joint venture, the Japanese-based Jans offers outgoing calls from numerous cities in Japan to 57 gateways worldwide.
www.telamatrix.co.jp
(81) 3-3462-7130
A Japanese-based provider with gateways in Japan, the U.S. and Korea.
www.vipcalling.com
A service provider with gateways in China, Taiwan, South Korea and United States.
www.globalvoice.com.sg (65) 2558105
A Singapore-based provider building a network covering Southeast Asia.

AUSTRALIA

5. **www.ozemailphone.aust.com** 132 284 or (02) 9433-2400.
An Australian operator with gateways between New Zealand, the United States, the United Kingdom, the Netherlands, Hong Kong and Japan.



Phone Via Internet — and Forget the Computer

By Thomas Crampton
International Herald Tribune

BANGKOK — Available now from a telephone near you: curate international calls via the Internet, no computer required.

Until recently only computer hobbyists could cajole their computers into acting like telephones. Now, thanks to rapid advances in technology, Internet telephone calls can be made by anyone with a standard touch-tone phone.

The explosive growth of the phenomenon is attracting major telecommunications companies, thousands of subscribers and a handful of pirates who sail along the fringes of the law.

Like many Internet developments, these telephone services made their debut in the United States, where they offer transcontinental calls for a few cents per minute, a fraction of the standard rate.

In the past year, however, Internet phone companies have sprung up on almost every continent, making rapid inroads into established markets despite their lower quality.

Internet-based calls frequently have annoying echoes, long delays and reduced voice clarity compared to regular connections. But for many consumers, the tremendous cost savings — often more than 50 percent — outweigh the inconvenience. And the technology is rapidly improving.

Internet phone calls cross international borders in a form identical to normal Internet data. For consumers, Internet phone service works the same way as standard international calling cards: Subscribers use any touch-tone telephone to dial a local access number, followed by an identity code and the number they wish to reach.

Behind the scenes, at the local access number, the call is bounced off the traditional phone network and into the Internet by a so-called gateway computer. In the destination city, the call is brought back out of the Internet and onto the standard phone network by the operator's corresponding gateway.

For voice to travel via Internet, the gateway computers translate standard analog telephone signals into digital bits, much like music on a compact disk.

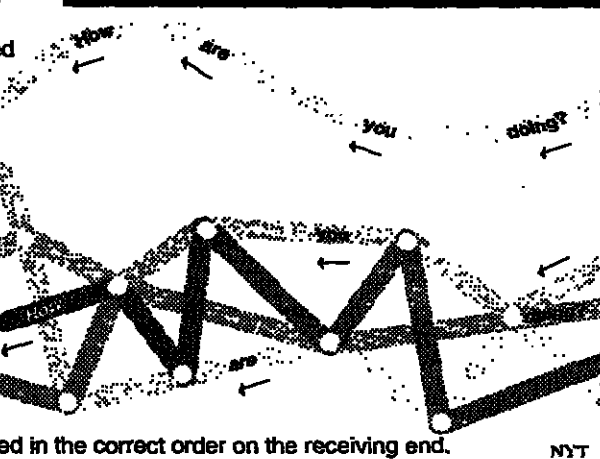
So by traveling most of the distance as data in the Internet, international calls can effectively be made for the price of two local phone calls.

But cheap calls are just one advantage of using the Internet for telephone calls, according to industry advocates.

When you make a telephone call, a circuit is dedicated to the phone call and words move in sequence along the route.

But when you make a call using the Internet, words, once translated into bits and bytes, move separately along the fastest possible route and then are reassembled in the correct order on the receiving end.

Different Paths to the Same Point



"The technology used in standard telephone systems was developed 40 years ago and is based on old concepts," said Jeff Pulver, president of Pulver.com, an Internet telephone consultancy.

"Internet's efficient digital platform opens the way for many value-added services, like cheap conference calls, videoconferencing and people sharing documents while talking," Mr. Pulver said.

The digital method of transmission will eventually allow an Internet phone to leapfrog the traditional telephone in quality, according to those in the industry.

"Internet phone calls use the most advanced all-digital equipment, so it is like listening to music on a compact disc," said Darryl Green, president and chief executive officer of the AT&T Jans Corp.

In the last year, "we have already improved our technology enough so that with blind tests, people can no longer tell the difference between an Internet call and a regular call."

To create an Internet telephone company, operators simply set up gateway computers in separate cities to bring calls on and off the Internet. An off-the-shelf personal computer can readily serve as a gateway, but quality improves dramatically with specialized equipment.

Because of the low overhead, countries with high-cost overseas calls and recently deregulated telecommunications industries have experienced dramatic shifts of consumers who are moving into Internet-based phone services.

In 10 months, an Internet telephone service in Japan offered by the AT&T

joint venture Jans claims to have grabbed 1 percent of the country's \$4.5 billion outgoing international call market on an investment of less than \$10 million.

Deregulated markets will help Internet phone operators swallow 36 percent of the international call market within five years, threatening the core revenue and profits of traditional telephone operators, according to a report released this month by the Cambridge-based consultancy Analysys.

The unregulated days of Internet telephony may, however, be numbered. The United States government is now considering a levy on Internet phone operators similar to that paid by traditional long-distance carriers.

But even in heavily regulated countries, where international calls are controlled by state-sanctioned monopolies, Internet telephone calling is making its debut.

This month, Singapore Telecom, which holds the monopoly on outgoing international calls until the year 2000, began testing its BudgetCall service which routes calls via the Internet to 18 countries and undercuts the company's regular international call rate by 30 percent.

Despite the fact that it is technically illegal to sell international calls from many countries, independent operators are already using technology to circumvent the law.

Two companies recently founded in Singapore — RVNet and Global Voice — are building clandestine networks linking the tightly regulated telecommunications networks of Southeast Asia.

The legal status of Internet phone is very gray in most Asian countries, so for

the time being, the company avoids advertising very much in local papers, said James Cai, who is the managing director of Global Voice.

Mr. Cai claims that 2,000 subscribers have signed on in the two months since the service was launched in Singapore.

"But for us, outside of Singapore, we don't worry about local laws. We leave that to franchise holders who join our network."

Bobby Ngor, general manager of RVNet, said: "It may not be fully legal, but the telecom companies are unable to stop the calls going through the Internet, and we will eat into their international dialing revenue."

Mr. Cai plans to build the Global Voice network by selling his gateways as franchises to target various ethnic groups around Asia, especially Japanese living overseas.

For about \$10,000, franchise holders buy a personal computer configured to work as a Global Voice network gateway. Once plugged in, calls can be made through the Internet to any city with a fellow franchise holder.

Global Voice ensures that calls go to the right gateways, monitors the pattern of calls and settles billing differences between franchise holders if calls are made more in one direction than another.

To start with, Global Voice recommends that franchise holders undercut the standard international rates by 50 percent.

"When more Internet phone services are offered, we will have to lower the price again," Mr. Cai said.

Internet telephone technology is advancing so quickly that even today's model of phone service provider could change dramatically within the next few years. While Global Voice and RVNet are building their networks around self-developed technology, U.S. modern giant 3Com Corp. will soon begin selling an upgrade to their popular servers that allows any Internet provider to become a phone company.

"For just a few hundred dollars" upgrade, any Internet service provider that uses our servers will be able to send telephone calls over the Internet," said Ken Jensen, account development manager at 3Com.

"Since we have a 40 percent market share among Internet service providers and our equipment is being used in almost every country, all an Internet provider needs to do is agree how they will sell the phone calls between one another, and they can be an international phone company," he said.

Out of Court, Microsoft Awaits Its Market Trial

Subdued Outlook for Upgrade of Windows

By John Markoff
New York Times Service

SAN FRANCISCO — For all the dust kicked up in the legal battle over Microsoft Corp.'s right to include Web browsing software in its Windows 95 operating system, a ruling by a U.S. appeals court this week in the software giant's favor is likely to have little impact on the imminent release of Windows 98, a new version that integrates the browser even more tightly.

What the dispute has managed to do is to focus attention on a product that has played to widespread yawns in computer industry publications. In recent weeks, even Microsoft has been playing down revenue expectations for Windows 98, which is scheduled to go on sale at U.S. retail outlets on Thursday. Among corporate computer buyers, a consensus appears to be emerging that this upgrade should be skipped in favor of Windows NT, a more powerful version of the operating system that is designed for large computer networks.

Case Corp., a maker of agricultural equipment, based in Racine, Wisconsin, is representative of many corporate buyers who have decided to forgo upgrading their entire company to Windows 98.

"Our strategy is to, in an evolutionary fashion, migrate to NT," said James Hatch, Case's chief information officer. "We haven't evaluated Windows 98, and we don't see a compelling need to orchestrate a mass change."

Where Tuesday's ruling might have an impact, analysts said, is in emboldening Microsoft to adopt a tougher stand in its contractual dealings with computer makers and Internet service providers.

In the last three weeks, several computer makers have announced that they will ship their products with Windows modified so that it opens with a customized screen that either identifies the brand or offers icons that link to sites on the Internet chosen by the manufacturers. This was a practice that Microsoft had forbidden in its contracts in recent years but did not fight after the Justice Department included the company's restrictive contracts in the antitrust lawsuit it filed in May.

The court ruling will also put new pressure on Netscape Communications Corp., which created the commercial

Web browser market with its Navigator software only to lose much of that market to Microsoft in the past year.

Earlier this month, Netscape executives sketched out a new business strategy: to transform the company's home page into a "portal," an industry buzzword used to describe World Wide Web sites that combine the functions of search engines, Web directories, news, on-line shopping and entertainment.

However, while NBC and Walt Disney Co. both invested in portal sites this month, analysts have remained cautious about the revenue prospects for such a strategy by Netscape, which has no search technology or content of its own. The popularity of its home page rests primarily with the fact that it is the first site that people see after they install the Navigator browser. As the market shifts toward Microsoft's browser, Netscape's on-line traffic could well sink.

In addition, Netscape suffered two setbacks this week. The first involved server software, the programs that run on the large computers that host Web sites. Since competition with Microsoft in the browser market forced Netscape to give Navigator away free, server software has been a main source of revenue. On Monday, IBM announced that it would begin supporting Apache, a free Web server that competes against Netscape's server product.

Then, on Tuesday, the appeals court ruling meant that Microsoft could continue to include its Explorer browser with about 90 percent of all computers sold in the foreseeable future.

In any case, Microsoft executives acknowledge that they are doing less to promote Windows 98 than they did for its predecessor. Analysts say the company is spending about \$10 million on marketing versus nearly \$200 million for its introduction of Windows 95.

But at least one retail chain is trying to create some interest. CompUSA, the largest computer retailer in the United States, planned to open its doors at midnight on Wednesday in an effort to make the release of Windows 98 a "marketing event," said Larry Mondry, an executive vice president at CompUSA. "I don't know what Microsoft spent," he said. "The government gave them so much free advertising they probably didn't have to spend as much."

BRIEFLY

• **EU'S TAKE ON TAXES:** Electronic commerce requires clear ground rules to enable it to blossom, and obstacles to trading must be removed, the European tax commissioner, Mario Monti, said in London this week.

"We believe that electronic commerce requires a light, clear, consistent and predictable legal framework that provides certainty for business and consumers, ensures adequate protection of public interest objectives and promotes a pro-competitive environment," Mr. Monti said in a speech to a conference of the Royal Institute of International Affairs.

Last week, the commission proposed that European consumers who buy and receive products or services over the Internet should pay value-added tax on them, even if they order from an overseas supplier.

Mr. Monti defended the proposal. Taxes must be applied to electronic commerce, he said, "if for no other reason than to ensure that EU suppliers of goods and services do not find themselves at a competitive disadvantage with respect to traders outside the Union."

• **AIMING AT MICROSOFT:** The Software Publishers Association says that Microsoft Corp. is trying to extend its Windows market dominance into the market for equipment that connects individual computers with its Windows NT software.

The group, openly critical of its largest member in recent months, issued a 34-page study last week accusing the software giant of trying to extend control of the personal computer market into the \$30 billion market for network servers and related computer applications.

In a letter to the president of the association, Microsoft said the trade group was supposed to "promote and

strengthen the industry," but "Your activities in recent months seem to have accomplished just the opposite."

• **DIRECTORY ASSISTANCE:** Yellow Pages, the telephone directory company owned by British Telecom communications PLC, said it has created an alliance with Equifax Inc., a U.S.-based credit rating company, to sell electronic products in Britain.

Yellow Pages said it would combine its business database with Equifax's data on directors and financial performance to allow users to learn the profitability and key characteristics of potential customers.

The alliance enables Yellow Pages to expand its electronic business with new services and strengthens Equifax's moves to expand globally, the companies said.

• **TAKE A NOTEBOOK:** Japanese consumer electronics giant Sony Corp. is putting its new Vaio notebook computers on sale in Britain next month, and sales in mainland Europe will start toward the end of the year, the company said.

Sony executives told a news conference that the smaller 700 series Vaio notebooks will start at £1,599 (\$2,650). The Vaio 500 series will be priced at less than £2,500.

The Vaio has been available in the United States for two years and in Japan for one.

• **MORE DISC DRIVES:** IDC Japan, the Japanese unit of the U.S. research firm International Data Corp., said this week that shipments of removable disc drives in Japan this year are expected to rise 26.4 percent from a year earlier to 12.46 million units.

ALT/Commentary

To Get Time to Think, Try Turning Off Your E-mail

By Tina Kelley
New York Times Service

Each summer Batya Friedman and her husband, Peter Kahn Jr., both professors at Colby College, take their daughter Zoe and move from Maine to a 670-acre (268-hectare) outpost without electricity northeast of San Francisco. They use solar-powered computers and get to a phone only during twice-a-month trips to town.

If people who are used to reaching her regularly and electronically become frustrated with her absence from the Net, Ms. Friedman advises them to write her an e-mail, print it out, put it in an envelope, and put a stamp on it.

"In the summer, each communication I get I do really read," said Ms. Friedman, who teaches computer science, as she sat in a coffee shop in Oakland, California, as the family prepared to head off into the woods.

"It's an opportunity for focus, and that's harder to achieve when you are so accessible," she said.

Yes, it is possible to be 100 plugged in. Studies show that electronic mail is slowing down the workplace, and cell phones keep you wired around the world. When most people secretly pleased last month when the malfunctioning Galaxy 4 satellite stifled 50 million pagers, with all the serendipity of a snow day?

Even with welcomed advances of technology like slicker upgrades and faster modems, the acceleration of information has become troubling.

"I'm wondering what the saturation

point is of this constant connectivity," said Robert McArthur, vice president for academic affairs at Colby College in Waterville, Maine. "There's a great line from John le Carré. 'They're fed up and asking for more.' People are complaining, but they are putting themselves in the way of more connection."

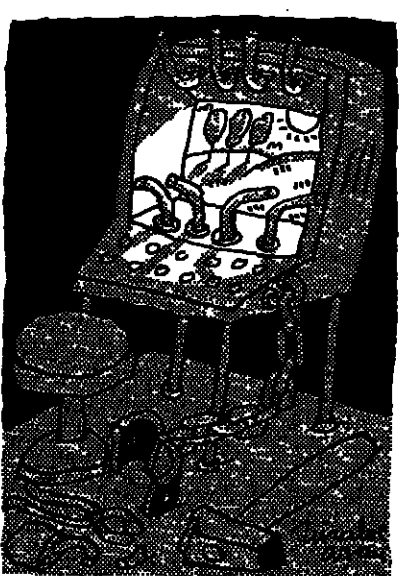
While some chronicle the ill effects of high tech, others turn their backs on electronic communication — for a week, a month, a season — to become more creative and more productive.

Call it soaring without a Net. During summers off-line, Ms. Friedman has edited a book, and Mr. Kahn wrote one. Collaborative projects she worked on while in California were a bit more streamlined, she said, as they didn't go through a huge number of drafts via e-mail. "And when you are harder to reach, people solve their problems on their own," she said.

She noted that some of her acquaintances have picked up on her idea by turning off the ringers of their phones, finding offices without phone lines, or simply slowing down the pace at which they reply to e-mails.

"People on cell phones are now reachable in their cars on their commute, and time that used to be downtime or transition time is time used by employers," said Gerry Sussman, professor at the School of Urban Studies and Planning at Portland State University.

"Electronic communications makes possible a much deeper penetration for the commercial use of anything," he said, citing unwanted e-mails, phone solicitations made from computer-generated lists and TV advertisements.



A Southern California philosopher, Michael Heim, worries that the recent mania for information erodes the human capacity for significance. "With a mind-set fixed on information, our attention span shortens," he wrote in "The Metaphysics of Virtual Reality" (Oxford University Press, 1993). "We collect fragments. We become mentally poorer in overall meaning."

Even Microsoft, no enemy of connectivity, encourages some of its managers to unplug — temporarily. Andrea Tevlin, a consultant at the huge software company says she and some of her senior co-workers are better managers for logging off of e-mail occasionally, for four or five days at a time.

"In a work context, when you pull yourself off-line, you have more time to converse with people, think conceptually, and think about how to make the human system I'm operating in operate differently," she said.

Turning off the technology is also an issue in the realm of recreation. Nothing beats a toy with lots of buttons to push. Mr. McArthur is amused by the gizmos he sees boaters and sailors buying, such as phones and high frequency radios that e-mail transmissions to the middle of the ocean. "This stuff coming in seems to be defeating the whole point of going out on your boat and getting away," he said. "People don't want to get away."

But Mr. Heim, the philosopher, said humans must do more than unplug, and what they do while unplugged is more important than the length of time they spend away from technology.

"Without rebooting our awareness, it doesn't matter whether we unplug or not," he said via e-mail, his preferred medium. "Technology retains our nervous system. It gives us a pace and tempo. We need to actively plug ourselves into the operating system of earth and sky, mountain and river, inhale and exhale."

TECHNOLOGY INDEX

A glance at technology stock indexes around the world			
North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	337.66	+5.88	+18.18
Standard & Poor's Technology Composite	868.60	+5.31	+5.31
Europe			
Morgan Stanley Eurotec	550.25	+42.34	+42.34
Asia			
Topix Electric	1726.87	+5.03	+5.03

* Price as of Friday June 19 Source: Reuters, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihf.com>. Articles include:

- Microsoft Deal in Korea Sparks Protest on Web, June 18
- Disney to Purchase 43% Stake in Infoseek, June 19
- Micro Focus Buys U.S. Rival, June 19
- Ericsson Scopes Out Network Firms, June 19
- Satellite Company Plans to Sell Shares, June 19
- Kim Welcomes Microsoft's Korea Investment, June 19
- Moon Ride Sees Errant Satellite, June 20-21
- Internet Privacy: Firms Draw Up Rules, June 22
- CompUSA Deal for Tandy Chain, June 23
- A Microsoft Victory, But Big Case Looms, June 24

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@ihf.com. International Herald Tribune

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

王德胜	男	45	山东	工人	小学	党员	良好	已婚	2子	
李秀英	女	38	河北	教师	大学	党员	良好	已婚	1子	
张国强	男	52	河南	农民	小学	党员	良好	已婚	3子	
刘小红	女	28	江苏	护士	中专	团员	良好	未婚	0	
陈为民	男	60	浙江	退休	小学	党员	良好	已婚	2子	
赵大刚	男	35	湖北	干部	大学	党员	良好	已婚	1子	
孙丽娟	女	42	湖南	工人	小学	党员	良好	已婚	2子	
周建民	男	55	四川	农民	小学	党员	良好	已婚	3子	
吴小芳	女	30	广东	教师	大学	党员	良好	已婚	1子	
郑为民	男	48	广西	工人	小学	党员	良好	已婚	2子	
冯大刚	男	58	福建	退休	小学	党员	良好	已婚	2子	
李秀英	女	35	江西	教师	大学	党员	良好	已婚	1子	
张国强	男	40	安徽	工人	小学	党员	良好	已婚	2子	
刘小红	女	25	山西	护士	中专	团员	良好	未婚	0	
陈为民	男	50	陕西	干部	大学	党员	良好	已婚	1子	
赵大刚	男	38	甘肃	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	45	宁夏	教师	大学	党员	良好	已婚	1子	
周建民	男	53	青海	农民	小学	党员	良好	已婚	3子	
吴小芳	女	32	新疆	工人	小学	党员	良好	已婚	2子	
郑为民	男	47	内蒙古	干部	大学	党员	良好	已婚	1子	
冯大刚	男	57	辽宁	退休	小学	党员	良好	已婚	2子	
李秀英	女	33	吉林	教师	大学	党员	良好	已婚	1子	
张国强	男	43	黑龙江	工人	小学	党员	良好	已婚	2子	
刘小红	女	23	山东	护士	中专	团员	良好	未婚	0	
陈为民	男	49	河北	干部	大学	党员	良好	已婚	1子	
赵大刚	男	37	河南	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	44	江苏	教师	大学	党员	良好	已婚	1子	
周建民	男	54	浙江	农民	小学	党员	良好	已婚	3子	
吴小芳	女	31	湖北	工人	小学	党员	良好	已婚	2子	
郑为民	男	46	湖南	干部	大学	党员	良好	已婚	1子	
冯大刚	男	56	四川	退休	小学	党员	良好	已婚	2子	
李秀英	女	34	广东	教师	大学	党员	良好	已婚	1子	
张国强	男	41	广西	工人	小学	党员	良好	已婚	2子	
刘小红	女	24	福建	护士	中专	团员	良好	未婚	0	
陈为民	男	49	江西	干部	大学	党员	良好	已婚	1子	
赵大刚	男	36	安徽	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	43	山西	教师	大学	党员	良好	已婚	1子	
周建民	男	51	陕西	农民	小学	党员	良好	已婚	3子	
吴小芳	女	29	甘肃	工人	小学	党员	良好	已婚	2子	
郑为民	男	45	宁夏	干部	大学	党员	良好	已婚	1子	
冯大刚	男	55	青海	退休	小学	党员	良好	已婚	2子	
李秀英	女	32	新疆	教师	大学	党员	良好	已婚	1子	
张国强	男	42	内蒙古	工人	小学	党员	良好	已婚	2子	
刘小红	女	22	辽宁	护士	中专	团员	良好	未婚	0	
陈为民	男	48	吉林	干部	大学	党员	良好	已婚	1子	
赵大刚	男	34	黑龙江	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	41	山东	教师	大学	党员	良好	已婚	1子	
周建民	男	52	河北	农民	小学	党员	良好	已婚	3子	
吴小芳	女	27	河南	工人	小学	党员	良好	已婚	2子	
郑为民	男	44	江苏	干部	大学	党员	良好	已婚	1子	
冯大刚	男	54	浙江	退休	小学	党员	良好	已婚	2子	
李秀英	女	31	湖北	教师	大学	党员	良好	已婚	1子	
张国强	男	40	湖南	工人	小学	党员	良好	已婚	2子	
刘小红	女	21	四川	护士	中专	团员	良好	未婚	0	
陈为民	男	47	广东	干部	大学	党员	良好	已婚	1子	
赵大刚	男	33	广西	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	40	福建	教师	大学	党员	良好	已婚	1子	
周建民	男	50	江西	农民	小学	党员	良好	已婚	3子	
吴小芳	女	28	安徽	工人	小学	党员	良好	已婚	2子	
郑为民	男	43	山西	干部	大学	党员	良好	已婚	1子	
冯大刚	男	53	陕西	退休	小学	党员	良好	已婚	2子	
李秀英	女	30	甘肃	教师	大学	党员	良好	已婚	1子	
张国强	男	39	宁夏	工人	小学	党员	良好	已婚	2子	
刘小红	女	20	青海	护士	中专	团员	良好	未婚	0	
陈为民	男	46	新疆	干部	大学	党员	良好	已婚	1子	
赵大刚	男	32	内蒙古	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	39	辽宁	教师	大学	党员	良好	已婚	1子	
周建民	男	49	吉林	农民	小学	党员	良好	已婚	3子	
吴小芳	女	26	黑龙江	工人	小学	党员	良好	已婚	2子	
郑为民	男	42	山东	干部	大学	党员	良好	已婚	1子	
冯大刚	男	52	河北	退休	小学	党员	良好	已婚	2子	
李秀英	女	29	河南	教师	大学	党员	良好	已婚	1子	
张国强	男	38	江苏	工人	小学	党员	良好	已婚	2子	
刘小红	女	19	浙江	护士	中专	团员	良好	未婚	0	
陈为民	男	41	湖北	干部	大学	党员	良好	已婚	1子	
赵大刚	男	31	湖南	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	38	四川	教师	大学	党员	良好	已婚	1子	
周建民	男	48	广东	农民	小学	党员	良好	已婚	3子	
吴小芳	女	25	广西	工人	小学	党员	良好	已婚	2子	
郑为民	男	40	福建	干部	大学	党员	良好	已婚	1子	
冯大刚	男	50	江西	退休	小学	党员	良好	已婚	2子	
李秀英	女	28	安徽	教师	大学	党员	良好	已婚	1子	
张国强	男	37	山西	工人	小学	党员	良好	已婚	2子	
刘小红	女	18	陕西	护士	中专	团员	良好	未婚	0	
陈为民	男	39	甘肃	干部	大学	党员	良好	已婚	1子	
赵大刚	男	29	宁夏	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	37	青海	教师	大学	党员	良好	已婚	1子	
周建民	男	47	新疆	农民	小学	党员	良好	已婚	3子	
吴小芳	女	24	内蒙古	工人	小学	党员	良好	已婚	2子	
郑为民	男	36	辽宁	干部	大学	党员	良好	已婚	1子	
冯大刚	男	46	吉林	退休	小学	党员	良好	已婚	2子	
李秀英	女	27	黑龙江	教师	大学	党员	良好	已婚	1子	
张国强	男	36	山东	工人	小学	党员	良好	已婚	2子	
刘小红	女	17	河北	护士	中专	团员	良好	未婚	0	
陈为民	男	38	河南	干部	大学	党员	良好	已婚	1子	
赵大刚	男	28	江苏	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	36	浙江	教师	大学	党员	良好	已婚	1子	
周建民	男	46	湖北	农民	小学	党员	良好	已婚	3子	
吴小芳	女	23	湖南	工人	小学	党员	良好	已婚	2子	
郑为民	男	35	四川	干部	大学	党员	良好	已婚	1子	
冯大刚	男	45	广东	退休	小学	党员	良好	已婚	2子	
李秀英	女	26	广西	教师	大学	党员	良好	已婚	1子	
张国强	男	35	福建	工人	小学	党员	良好	已婚	2子	
刘小红	女	16	江西	护士	中专	团员	良好	未婚	0	
陈为民	男	37	安徽	干部	大学	党员	良好	已婚	1子	
赵大刚	男	27	山西	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	35	陕西	教师	大学	党员	良好	已婚	1子	
周建民	男	45	甘肃	农民	小学	党员	良好	已婚	3子	
吴小芳	女	22	宁夏	工人	小学	党员	良好	已婚	2子	
郑为民	男	34	青海	干部	大学	党员	良好	已婚	1子	
冯大刚	男	44	新疆	退休	小学	党员	良好	已婚	2子	
李秀英	女	25	内蒙古	教师	大学	党员	良好	已婚	1子	
张国强	男	34	辽宁	工人	小学	党员	良好	已婚	2子	
刘小红	女	15	吉林	护士	中专	团员	良好	未婚	0	
陈为民	男	36	黑龙江	干部	大学	党员	良好	已婚	1子	
赵大刚	男	26	山东	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	34	河北	教师	大学	党员	良好	已婚	1子	
周建民	男	44	河南	农民	小学	党员	良好	已婚	3子	
吴小芳	女	21	江苏	工人	小学	党员	良好	已婚	2子	
郑为民	男	33	浙江	干部	大学	党员	良好	已婚	1子	
冯大刚	男	43	湖北	退休	小学	党员	良好	已婚	2子	
李秀英	女	24	湖南	教师	大学	党员	良好	已婚	1子	
张国强	男	33	四川	工人	小学	党员	良好	已婚	2子	
刘小红	女	14	广东	护士	中专	团员	良好	未婚	0	
陈为民	男	35	广西	干部	大学	党员	良好	已婚	1子	
赵大刚	男	25	福建	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	33	江西	教师	大学	党员	良好	已婚	1子	
周建民	男	43	安徽	农民	小学	党员	良好	已婚	3子	
吴小芳	女	20	山西	工人	小学	党员	良好	已婚	2子	
郑为民	男	32	陕西	干部	大学	党员	良好	已婚	1子	
冯大刚	男	42	甘肃	退休	小学	党员	良好	已婚	2子	
李秀英	女	23	宁夏	教师	大学	党员	良好	已婚	1子	
张国强	男	32	青海	工人	小学	党员	良好	已婚	2子	
刘小红	女	13	内蒙古	护士	中专	团员	良好	未婚	0	
陈为民	男	34	辽宁	干部	大学	党员	良好	已婚	1子	
赵大刚	男	24	吉林	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	32	黑龙江	教师	大学	党员	良好	已婚	1子	
周建民	男	42	山东	农民	小学	党员	良好	已婚	3子	
吴小芳	女	19	河北	工人	小学	党员	良好	已婚	2子	
郑为民	男	31	河南	干部	大学	党员	良好	已婚	1子	
冯大刚	男	41	江苏	退休	小学	党员	良好	已婚	2子	
李秀英	女	22	浙江	教师	大学	党员	良好	已婚	1子	
张国强	男	31	湖北	工人	小学	党员	良好	已婚	2子	
刘小红	女	12	湖南	护士	中专	团员	良好	未婚	0	
陈为民	男	33	四川	干部	大学	党员	良好	已婚	1子	
赵大刚	男	23	广东	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	31	广西	教师	大学	党员	良好	已婚	1子	
周建民	男	41	福建	农民	小学	党员	良好	已婚	3子	
吴小芳	女	18	江西	工人	小学	党员	良好	已婚	2子	
郑为民	男	30	安徽	干部	大学	党员	良好	已婚	1子	
冯大刚	男	40	山西	退休	小学	党员	良好	已婚	2子	
李秀英	女	21	陕西	教师	大学	党员	良好	已婚	1子	
张国强	男	30	甘肃	工人	小学	党员	良好	已婚	2子	
刘小红	女	11	宁夏	护士	中专	团员	良好	未婚	0	
陈为民	男	32	青海	干部	大学	党员	良好	已婚	1子	
赵大刚	男	22	内蒙古	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	30	辽宁	教师	大学	党员	良好	已婚	1子	
周建民	男	40	吉林	农民	小学	党员	良好	已婚	3子	
吴小芳	女	17	黑龙江	工人	小学	党员	良好	已婚	2子	
郑为民	男	29	山东	干部	大学	党员	良好	已婚	1子	
冯大刚	男	39	河北	退休	小学	党员	良好	已婚	2子	
李秀英	女	20	河南	教师	大学	党员	良好	已婚	1子	
张国强	男	29	江苏	工人	小学	党员	良好	已婚	2子	
刘小红	女	10	浙江	护士	中专	团员	良好	未婚	0	
陈为民	男	31	湖北	干部	大学	党员	良好	已婚	1子	
赵大刚	男	21	湖南	工人	小学	党员	良好	已婚	2子	
孙丽娟	女	29	四川	教师	大学	党员	良好	已婚	1子	
周建民	男	39	广东	农民	小学	党员	良好	已婚	3子	
吴小芳	女	16	广西	工人	小学	党员	良好	已婚	2子	
郑为民	男	28	福建	干部	大学	党员	良好	已婚	1子	
冯大刚	男	38	江西	退休	小学	党员	良好	已婚	2子	
李秀英	女	19	安徽	教师	大学	党员	良好	已婚	1子	
张国强	男	28	山西	工人	小学	党员	良好	已婚	2子	
刘小红	女									

年次	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030																																																																																																
人口	1,200,000	1,250,000	1,300,000	1,350,000	1,400,000	1,450,000	1,500,000	1,550,000	1,600,000	1,650,000	1,700,000	1,750,000	1,800,000	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000	2,100,000	2,150,000	2,200,000	2,250,000	2,300,000	2,350,000	2,400,000	2,450,000	2,500,000	2,550,000	2,600,000	2,650,000	2,700,000	2,750,000	2,800,000	2,850,000	2,900,000	2,950,000	3,000,000	3,050,000	3,100,000	3,150,000	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000	3,500,000	3,550,000	3,600,000	3,650,000	3,700,000	3,750,000	3,800,000	3,850,000	3,900,000	3,950,000	4,000,000	4,050,000	4,100,000	4,150,000	4,200,000	4,250,000	4,300,000	4,350,000	4,400,000	4,450,000	4,500,000	4,550,000	4,600,000	4,650,000	4,700,000	4,750,000	4,800,000	4,850,000	4,900,000	4,950,000	5,000,000	5,050,000	5,100,000	5,150,000	5,200,000	5,250,000	5,300,000	5,350,000	5,400,000	5,450,000	5,500,000	5,550,000	5,600,000	5,650,000	5,700,000	5,750,000	5,800,000	5,850,000	5,900,000	5,950,000	6,000,000	6,050,000	6,100,000	6,150,000	6,200,000	6,250,000	6,300,000	6,350,000	6,400,000	6,450,000	6,500,000	6,550,000	6,600,000	6,650,000	6,700,000	6,750,000	6,800,000	6,850,000	6,900,000	6,950,000	7,000,000	7,050,000	7,100,000	7,150,000	7,200,000	7,250,000	7,300,000	7,350,000	7,400,000	7,450,000	7,500,000	7,550,000	7,600,000	7,650,000	7,700,000	7,750,000	7,800,000	7,850,000	7,900,000	7,950,000	8,000,000	8,050,000	8,100,000	8,150,000	8,200,000	8,250,000	8,300,000	8,350,000	8,400,000	8,450,000	8,500,000	8,550,000	8,600,000	8,650,000	8,700,000	8,750,000	8,800,000	8,850,000	8,900,000	8,950,000	9,000,000	9,050,000	9,100,000	9,150,000	9,200,000	9,250,000	9,300,000	9,350,000	9,400,000	9,450,000	9,500,000	9,550,000	9,600,000	9,650,000	9,700,000	9,750,000	9,800,000	9,850,000	9,900,000	9,950,000	10,000,000

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12 Month	High	Low	Stock	Div	Yld	PE	100-High	Low-Lights	C
149	111	111	Alcoa	1.30	3.0	13	111	111	111
150	111	111	Alcoa	1.30	3.0	13	111	111	111
151	111	111	Alcoa	1.30	3.0	13	111	111	111
152	111	111	Alcoa	1.30	3.0	13	111	111	111
153	111	111	Alcoa	1.30	3.0	13	111	111	111
154	111	111	Alcoa	1.30	3.0	13	111	111	111
155	111	111	Alcoa	1.30	3.0	13	111	111	111
156	111	111	Alcoa	1.30	3.0	13	111	111	111
157	111	111	Alcoa	1.30	3.0	13	111	111	111
158	111	111	Alcoa	1.30	3.0	13	111	111	111
159	111	111	Alcoa	1.30	3.0	13	111	111	111
160	111	111	Alcoa	1.30	3.0	13	111	111	111
161	111	111	Alcoa	1.30	3.0	13	111	111	111
162	111	111	Alcoa	1.30	3.0	13	111	111	111
163	111	111	Alcoa	1.30	3.0	13	111	111	111
164	111	111	Alcoa	1.30	3.0	13	111	111	111
165	111	111	Alcoa	1.30	3.0	13	111	111	111
166	111	111	Alcoa	1.30	3.0	13	111	111	111
167	111	111	Alcoa	1.30	3.0	13	111	111	111
168	111	111	Alcoa	1.30	3.0	13	111	111	111
169	111	111	Alcoa	1.30	3.0	13	111	111	111
170	111	111	Alcoa	1.30	3.0	13	111	111	111
171	111	111	Alcoa	1.30	3.0	13	111	111	111
172	111	111	Alcoa	1.30	3.0	13	111	111	111
173	111	111	Alcoa	1.30	3.0	13	111	111	111
174	111	111	Alcoa	1.30	3.0	13	111	111	111
175	111	111	Alcoa	1.30	3.0	13	111	111	111
176	111	111	Alcoa	1.30	3.0	13	111	111	111
177	111	111	Alcoa	1.30	3.0	13	111	111	111
178	111	111	Alcoa	1.30	3.0	13	111	111	111
179	111	111	Alcoa	1.30	3.0	13	111	111	111
180	111	111	Alcoa	1.30	3.0	13	111	111	111
181	111	111	Alcoa	1.30	3.0	13	111	111	111
182	111	111	Alcoa	1.30	3.0	13	111	111	111
183	111	111	Alcoa	1.30	3.0	13	111	111	111
184	111	111	Alcoa	1.30	3.0	13	111	111	111
185	111	111	Alcoa	1.30	3.0	13	111	111	111
186	111	111	Alcoa	1.30	3.0	13	111	111	111
187	111	111	Alcoa	1.30	3.0	13	111	111	111
188	111	111	Alcoa	1.30	3.0	13	111	111	111
189	111	111	Alcoa	1.30	3.0	13	111	111	111
190	111	111	Alcoa	1.30	3.0	13	111	111	111
191	111	111	Alcoa	1.30	3.0	13	111	111	111
192	111	111	Alcoa	1.30	3.0	13	111	111	111
193	111	111	Alcoa	1.30	3.0	13	111	111	111
194	111	111	Alcoa	1.30	3.0	13	111	111	111
195	111	111	Alcoa	1.30	3.0	13	111	111	111
196	111	111	Alcoa	1.30	3.0	13	111	111	111
197	111	111	Alcoa	1.30	3.0	13	111	111	111
198	111	111	Alcoa	1.30	3.0	13	111	111	111
199	111	111	Alcoa	1.30	3.0	13	111	111	111
200	111	111	Alcoa	1.30	3.0	13	111	111	111

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12 Month	High	Low	Stock	Div	Yld	PE	100-High	Low-Lights	C
149	111	111	Alcoa	1.30	3.0	13	111	111	111
150	111	111	Alcoa	1.30	3.0	13	111	111	111
151	111	111	Alcoa	1.30	3.0	13	111	111	111
152	111	111	Alcoa	1.30	3.0	13	111	111	111
153	111	111	Alcoa	1.30	3.0	13	111	111	111
154	111	111	Alcoa	1.30	3.0	13	111	111	111
155	111	111	Alcoa	1.30	3.0	13	111	111	111
156	111	111	Alcoa	1.30	3.0	13	111	111	111
157	111	111	Alcoa	1.30	3.0	13	111	111	111
158	111	111	Alcoa	1.30	3.0	13	111	111	111
159	111	111	Alcoa	1.30	3.0	13	111	111	111
160	111	111	Alcoa	1.30	3.0	13	111	111	111
161	111	111	Alcoa	1.30	3.0	13	111	111	111
162	111	111	Alcoa	1.30	3.0	13	111	111	111
163	111	111	Alcoa	1.30	3.0	13	111	111	111
164	111	111	Alcoa	1.30	3.0	13	111	111	111
165	111	111	Alcoa	1.30	3.0	13	111	111	111
166	111	111	Alcoa	1.30	3.0	13	111	111	111
167	111	111	Alcoa	1.30	3.0	13	111	111	111
168	111	111	Alcoa	1.30	3.0	13	111	111	111
169	111	111	Alcoa	1.30	3.0	13	111	111	111
170	111	111	Alcoa	1.30	3.0	13	111	111	111
171	111	111	Alcoa	1.30	3.0	13	111	111	111
172	111	111	Alcoa	1.30	3.0	13	111	111	111
173	111	111	Alcoa	1.30	3.0	13	111	111	111
174	111	111	Alcoa	1.30	3.0	13	111	111	111
175	111	111	Alcoa	1.30	3.0	13	111	111	111
176	111	111	Alcoa	1.30	3.0	13	111	111	111
177	111	111	Alcoa	1.30	3.0	13	111	111	111
178	111	111	Alcoa	1.30	3.0	13	111	111	111
179	111	111	Alcoa	1.30	3.0	13	111	111	111
180	111	111	Alcoa	1.30	3.0	13	111	111	111
181	111	111	Alcoa	1.30	3.0	13	111	111	111
182	111	111	Alcoa	1.30	3.0	13	111	111	111
183	111	111	Alcoa	1.30	3.0	13	111	111	111
184	111	111	Alcoa	1.30	3.0	13	111	111	111
185	111	111	Alcoa	1.30	3.0	13	111	111	111
186	111	111	Alcoa	1.30	3.0	13	111	111	111
187	111	111	Alcoa	1.30	3.0	13	111	111	111
188	111	111	Alcoa	1.30	3.0	13	111	111	111
189	111	111	Alcoa	1.30	3.0	13	111	111	111
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191	111	111	Alcoa	1.30	3.0	13	111	111	111
192	111	111	Alcoa	1.30	3.0	13	111	111	111
193	111	111	Alcoa	1.30	3.0	13	111	111	111
194	111	111	Alcoa	1.30	3.0	13	111	111	111
195	111	111	Alcoa	1.30	3.0	13	111	111	111
196	111	111	Alcoa	1.30	3.0	13	111	111	111
197	111	111	Alcoa	1.30	3.0	13	111	111	111
198	111	111	Alcoa	1.30	3.0	13	111	111	111
199	111	111	Alcoa	1.30	3.0	13	111	111	111
200	111	111	Alcoa	1.30	3.0	13	111	111	111

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Malaysian Leader Names Special Economy Minister

Daim Zainuddin Is Considered Pro-Business

Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad moved Wednesday to shore up support for his own economic policies and dilute those of adversaries by appointing a familiar and powerful ally to his cabinet, former Finance Minister Daim Zainuddin.

Mr. Daim, a business-friendly government veteran who is considered the architect of much of Malaysia's corporate and economic model, was named minister with "special functions" in charge of economic development.

The functions were not immediately defined, but analysts said that his role would overlap with that of Finance Minister Anwar Ibrahim and that the move thus seemed likely to undermine or weaken the position of Mr. Anwar, who until now has been largely in charge of economic policy in the cabinet.

"The prime minister can now delegate economic tasks to two individuals," a source close to the cabinet told Agence France-Presse, adding that Mr. Mahathir now had a way to "check and balance Anwar," whose support has been growing in the governing party.

"I think it was a shock to Anwar," he said, adding that Mr. Mahathir made the decision to appoint Mr. Daim without consulting others.

The appointment of Mr. Daim, who is credited with helping Malaysia emerge from economic recession during the 1980s as finance minister, follows

Malaysia's first economic contraction in 13 years. The country's gross domestic product shrank 1.8 percent in the first quarter.

Mr. Anwar, who is also deputy prime minister as well as Mr. Mahathir's anointed successor, has often sided publicly with the austere measures recommended by the International Monetary Fund, and has tended, on such key issues as bank lending policy, to favor high interest rates.

Mr. Daim, himself a successful businessman, is seen as more sympathetic to the plight of companies squeezed by the economic crisis. He has in recent weeks criticized banks for keeping interest rates high. Financial analysts and officials at Malaysia's central bank fear that lower rates could undermine the country's currency, the ringgit.

"Anwar wants to take the painful road, which is closer to the IMF approach: Let's close banks and companies which are not performing," said Abdul Razak Abdullah Baginda, executive director of the Malaysian Strategic Research Center.

"Daim's argument would be: Do not allow companies to go down. Find a way so that they are restructured and give them a new lease of life."

Mr. Daim's appointment also served to quash any doubt about Mr. Mahathir's position within his party, the United Malays National Organization, or UMNO — doubts that were raised after a raucous party convention over the weekend.



Mr. Daim, named to Malaysia post.

In what was seen as a jab at Mr. Mahathir's 17-year leadership, the head of UMNO's youth wing, Ahmad Zahid Hamidi, had called for an end to cronyism and nepotism during a speech to delegates.

"Why were big loans to big businessmen approved so easily when small guys had to wait so long to get a loan of 50,000 ringgit?" (\$12,500) Mr. Ahmad Zahid asked.

The prime minister responded the next day by posting hundreds of names of people who have won government projects in recent years, a list which included his accuser, Mr. Ahmad Zahid.

Before his appointment Wednesday, Mr. Daim served as both an adviser to the prime minister and as the executive director of the National Economic Action Council, formed in January to map out policies to combat the 11-month-old economic slump.

IMF Aide Praises Steps by Russia

Fischer Favors Disbursement of Loan Installment of \$670 Million

By David Hoffman
Washington Post Service

MOSCOW — Russia won backing from a key aide of the International Monetary Fund for the approval of an overdue \$670 million loan installment, but Russia's request for a much larger currency-stabilization package met with some doubts, officials said Wednesday.

Stanley Fischer, deputy managing director of the IMF, wound up three days of talks in Moscow by saying he would recommend to the executive board that it would release the \$670 million loan tranche, part of a three-year loan to Russia.

But Mr. Fischer was more circumspect on the prospects for a long-term currency support loan. Anatoli Chubais, the Russian negotiator with the international financial organizations, has said Russia needs \$10 billion to \$15 billion to back up the ruble. Mr. Fischer said that an agreement "is not absolutely

certain at this point. But we will try."

Mr. Fischer's comments came after meeting Prime Minister Sergei Kiriyenko, who unveiled a tough-talking domestic austerity program to Parliament and the government on Tuesday, the centerpiece of which is a demand for speedy action on long-delayed tax reform. The IMF has also demanded action to improve Russia's record of tax collection as a condition for future loans.

Mr. Kiriyenko's proposals, which were formally transmitted Wednesday to Parliament, drew mixed reviews. Mr. Yeltsin had threatened to impose legislation by decree if Parliament did not act by the end of its summer session next month. But Alexander Shokhin, head of the pro-government Our Home is Russia bloc, said it was doubtful the lower house, the State Duma, could act so fast.

"It is unlikely that we will be able to adopt by summer, even before the recess, such laws as the tax code," he said.

At the same time, the Mr. Kiriyenko's proposals drew praise from centrist

Yabloko party leader Grigori Yavlinsky, who promised to back the tax-reform effort.

Mr. Chubais said that Russia hoped to use part of the currency stabilization loan to restructure its short-term debts, especially ruble-denominated bonds known as GKOs, which have been eating up an increasingly large share of budget revenues. Although the government budgeted 25 percent of spending for debt service, he said, it has already risen to 35 percent. Mr. Chubais, appearing on a television interview show, also said Russia would resist calls from the IMF to break up or restructure Russia's former Soviet monopolies, such as the railroads, the natural gas giant Gazprom, and the electricity monopoly.

Mr. Chubais, appointed by Mr. Yeltsin recently to oversee negotiations with the IMF and others on further lending to Russia, lashed out at what he said was an attempt by hardliners in the United States and the opposition in Moscow to undermine Russia's economy.

OPEC Reaches Deal on Cuts in Output

But Doubts Grow that Cartel Can Reclaim Power to Control Market

By William Drozdzak
Washington Post Service

VIENNA — The Organization of Petroleum Exporting Countries agreed Wednesday to slash output in a desperate attempt to curtail a world oil glut that has sent prices plunging to the lowest levels in more than a decade.

In a compromise that delegates say was hammered out at the highest levels between Saudi Arabia and Iran, the cartel's 11 member nations agreed to their second round of production cuts since March that, if successful, would remove a total of more than 2.5 million barrels of oil a day from the global market.

[OPEC oil ministers were meeting Wednesday night to finalize details of a plan to cut another 757,000 barrels in daily output, an OPEC spokesman said, Agence France-Presse reported.]

But serious doubts remain whether OPEC members, whose manipulation of the market sent oil prices soaring and provoked a worldwide recession a

quarter century ago, can ever again regain discipline over their behavior and exercise the kind of clout over the modern global economy that once posed a direct challenge to the United States and other powerful industrial democracies.

In recent years, OPEC's influence has diminished dramatically as countries outside the cartel like Russia and Norway pump greater amounts of oil and consumers in North America and Europe use less energy thanks to mild winters and energy conservation measures.

In addition, Asia's deepening economic crisis has greatly reduced demand in what was once the world's fastest-growing oil market. The first wave of turmoil in Asia struck late last year, just when OPEC decided to increase its output — a decision that only accelerated the collapse in oil prices.

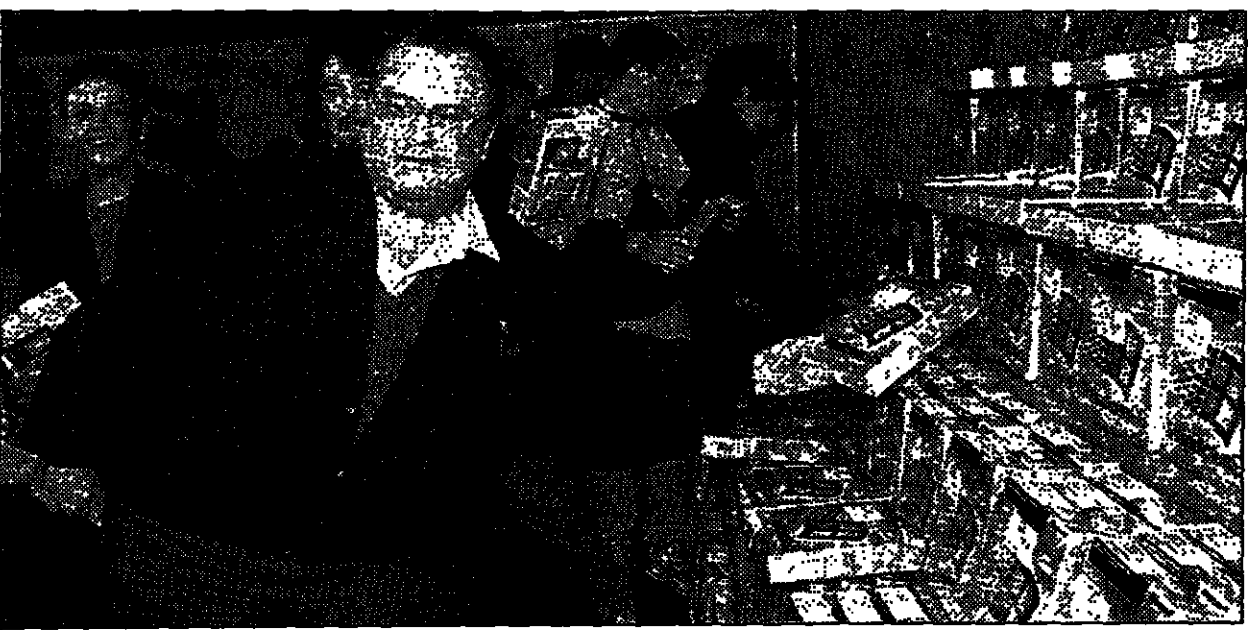
After reaching \$23 a barrel last October, crude prices fell last week to below \$12. While the decision Wednesday to cut output helped push prices above \$14, many analysts are skeptical

that higher prices can be sustained given the social and economic pressures that compel many states to cheat on their quotas to bolster their income.

Iran, Iraq and Russia are desperate to pump as much oil as they can to surmount grievous economic problems that threaten social and political stability. While Iraq is supposedly restricted by United Nations sanctions to oil-for-food sales, U.S. officials say Baghdad has been smuggling substantial amounts of oil through Turkey.

While Russia and Iran are eager to sell much more oil, they have reluctantly held off from doing so because of technical problems and fears that a further surge in their output would send prices crashing below the threshold of \$10 a barrel.

Iran, which is now pumping about 3.8 million barrels a day, agreed to cut back to 3.6 million but only after Saudi Arabia approved a much larger reduction for itself and returned to a level of just above 8 million barrels a day.



EARLY BIRDS — Australians rushing Thursday in Sydney to buy Microsoft's Windows 98, which was released at midnight. In Washington, a ruling in favor of the software maker continues to be debated. Page 14.

A Mongolian Shopping Spree Fizzles

By Thomas Crampton
International Herald Tribune

ULAAN BAATAR, Mongolia — Asia's economic crisis meant bargain shopping for some Mongolian consumers.

They surged abroad on their first Western-style spending spree, bringing back plane-loads of South Korean goods and buying four-wheel-drive vehicles from dealers here.

Now comes the hangover.

The spending binge has ended with a national banking crisis as the Mongolian government discovered that no Asian nation is too remote to escape the region's economic downturn.

"Myself, I thought we were an isolated economy, but this shows how we are all inter-related," Finance Minister B. Batbayar said in an interview on Wednesday, adding that the crisis would not slow down liberalization of this country's economy.

Banks made too many loans for the purchase of foreign consumer goods, helping lead to a rise in bad loans and the recent collapse of the state-owned Bank of Reconstruction and Development.

For nearly a year after currency turmoil swept across Asia, Mongolia's

grik held a steady value against the dollar, while the price of copper, the country's largest export, rose by nearly 10 percent last year.

On the strength of their currency, Mongolian consumers began a spending binge in January in crisis-hit South Korea, where the won had plunged against the dollar.

The number of flights to Seoul increased to three per week from the normal one and, according to Mr. Batbayar, virtually every aircraft was full of bargain hunters.

Travelers returned with their baggage full of cheap consumer goods. Then a new Daewoo car dealership opened here, sending late-model off-road vehicles pouring onto the dusty streets of Ulaan Baatar.

The country's banks helped pay for the shopping expeditions, extending loans worth 15 billion tugriks during the first four months of the year.

Along Peace Avenue, the capital's main commercial street, shops opened over the last few months selling microwave ovens, videocassette recorders and other items impossible to get under the country's previous Soviet-style economic regime.

"We have got so many new Korean

products now," said Nyama, a student at the Economics University here. She has made two shopping trips to Seoul since December.

Buying 10 Hewlett-Packard laser printers for \$250 each, she resold them in Mongolia for twice the price.

For many Mongolians, the last few months have been their first taste of consumer culture. One of the poorest countries in the world, the average annual cash income is little more than \$360.

Landlocked between Siberia and northern China, this country of 2.5 million people is still making the difficult transition from a Soviet-style command economy to capitalism.

For more than 60 years, Mongolia was in effect a colony of the Soviet empire, receiving massive economic subsidies while selling copper and other natural resources in return.

Vestiges of this Soviet-era economy, including a lack of financial understanding and an overdependence on commodities, have combined with Asia's sharp economic downturn to drive Mongolia into a private and public sector crisis, Mr. Batbayar said.

See MONGOLIA, Page 17

CURRENCY & INTEREST RATES

Cross Rates

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
Australia	0.6999	1.3555	0.7744	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Canada	0.7000	1.3556	0.7745	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
France	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Germany	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Italy	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japan	0.0094	0.0188	0.0134	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
South Africa	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Switzerland	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Taiwan	0.0246	0.0492	0.0367	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
UK	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
US Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	106.48	212.96	158.24	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Changes in Amsterdam, London, Milan, New York, Paris and Zurich, foreign and other centers

Toronto rates of J.P.M.

to: To buy one pound: To buy one dollar: Units of 100; not quoted N.A.: not available.

Other Dollar Values

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
Canada	0.7000	1.3556	0.7745	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
France	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Germany	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Italy	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japan	0.0094	0.0188	0.0134	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
South Africa	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Switzerland	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Taiwan	0.0246	0.0492	0.0367	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
UK	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
US Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	106.48	212.96	158.24	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Forward Rates

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
Canada	0.7000	1.3556	0.7745	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
France	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Germany	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Italy	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japan	0.0094	0.0188	0.0134	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
South Africa	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Switzerland	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Taiwan	0.0246	0.0492	0.0367	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
UK	0.6667	1.3333	0.7500	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
US Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	106.48	212.96	158.24	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Libid-Libor Rates

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
2-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
4-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
5-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
7-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
8-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
10-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Key Money Rates

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
2-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
4-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
5-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
7-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
8-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
10-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Source: IMS Bank (Amsterdam); Citi Investment Bank (Brussels); Bank Commercial de Indulgencia (Milan); Bank de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (Dorset). Other data from the Associated Press, Bloomberg and Reuters.

Source: Reuters, Libor Bank.

Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
2-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
4-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
5-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
7-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
8-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
10-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Gold

	USD	EUR	GBP	JPY	AUD	NZD	HKD	S\$	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
2-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
4-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
5-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
7-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
8-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
10-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Source: Reuters, Bloomberg, Merrill Lynch, Pierce, Fenner & Smith, Citicorp, Citibank, Citicorp, Cit

Total Wealth Management

from A to Z

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Total Wealth Management from EFG Private Bank is much more than a traditional banking service, it's a total banking solution. It offers every one of our clients the close, personal attention of an international team of people who are expert in every step of private wealth creation and management, from A-Z.

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THE AMERICAS

Microsoft Ruling Leaves U.S. With Legal Work Cut Out

By Elizabeth Corcoran
Washington Post Service

WASHINGTON — Microsoft Corp. has won an important victory in its antitrust battle that will force Justice Department lawyers to rework their broader legal strategy against the software developer, observers said.

A federal appeals court struck down a judge's order that would have required Microsoft to let computer makers sell its Windows 95 operating system separately from its Internet Explorer browser software.

The ruling applied only to the Justice Department's limited case, filed last year, that Microsoft violated a 1995 consent decree when it bundled Windows 95 with the Internet software. But legal experts said the bigger case against Microsoft's next version, Windows 98, which bundles the operating system even more tightly with the browser, will need rethinking.

The ruling "is a slam dunk for Microsoft and big trouble for Justice," said Robert Litan, a scholar with the Brookings Institution and formerly with the Justice Department's antitrust division. "The most contentious, highest-stakes part of the case will certainly be affected by this ruling."

William Kovacic, a professor at George Mason University School of Law, said: "I don't think it's a fatal obstacle. But it took a case that the Justice Department had less than a 50-50 chance of winning on the day it was filed and made it more like 1 in 4 or 1 in 5."

Windows 98 goes on sale Thursday. The antitrust case is due to be heard in court in September before U.S. District Court Judge Thomas Penfield Jackson, whose order was struck down Tuesday.

Windows software is used in about 90 percent of personal computers. A key contention in the Justice Department's Windows 98 case is that by requiring computer users to include the Internet product with it, Microsoft is illegally trying

to expand a monopoly in Windows into another field.

The overturned preliminary injunction issued by Judge Jackson in December. He had required that Microsoft give computer makers the option of hiding its Internet Explorer software when installing the Windows 95 operating system. He issued the injunction to prevent undue harm to competitors in the months before the September court date.

The government had contended that Microsoft violated a 1995 consent decree by tying together two previously separate products.

The three-judge appeals panel lifted the injunction on a technicality, saying Judge Jackson had not given Microsoft adequate opportunity to

fight the order. The opinion was written by Judge Stephen Williams on behalf of himself and Judge A. Raymond Randolph. Judge Patricia Wald concurred with part of their ruling but disagreed with other parts.

"We think that an 'integrated product' is most reasonably understood as a product that combines functionalities (which may also be marketed separately and operated together) in a way that offers advantages unavailable if the functionalities are bought separately and combined by the purchaser," the court said.

That language, while cloaked in legalisms, is similar to arguments that Microsoft has made in defending the value to consumers of an

integrated electronic desktop that combines browser and operating system in a seamless package.

But Judge Wald wrote in her dissent that the decision set too low the bar for showing that a company improperly tied together two products. "In effect, the majority has fashioned a broad exemption from the antitrust laws for operating system design," she wrote.

Microsoft's critics took solace in the fact that the court's ruling centers on interpreting the consent decree, rather than the broader antitrust issues raised in the Windows 98 case. The government can still argue that antitrust law restricts how a company like Microsoft with dominant market share can bundle its products.

Telecom Bulls Bolster Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose Wednesday, bolstered by telecommunications equipment makers, after AT&T's agreement to buy Tele-Communications sparked expectations that demand for their products will increase as the industry becomes more competitive.

The Dow Jones industrial average closed 95.41 points higher, at 8,923.87. The Standard & Poor's 500 index rose 13.40, to 1,132.89. The Nasdaq composite index, loaded with telecommunications equipment stocks, rose 33.19 points, to 1,877.76.

Bond prices were little changed after a report showing a drop in durable goods orders suggested Asia's crisis was curbing U.S. growth.

Orders to U.S. factories for big-ticket goods expected to last three years or longer dropped 2.6 percent in May, the largest decline in five months.

The decrease in durable-goods orders to a seasonally adjusted \$184.3 billion followed gains of 1.6 percent in April and 0.3 percent in March, the Commerce Department said Wednesday. It was the sharpest fall since a 5.3 percent drop in December.

The report "confirms what the market was believing — that things are slowing," said Scott Colbert of AT&T Commerce Bank Investment Management Group in St. Louis. "We think there's a lot more upside yet in the bond market."

The benchmark 30-year Treasury bond fell 6/32, to 106 24/32,

taking the yield to 5.65 percent from 5.64 percent.

In the telecommunications sector, investors can profit by buying equipment stocks such as Lucent Technologies, ADC Telecommunications and Northern Telecom, said John Golden, an analyst for telecommunications and computer-related stocks at John Hancock Funds.

"Telephone, Internet and

broadband services will be through bigger pipes that TCI is rolling out," he said.

All the Baby Bells fell on the prospect of AT&T's assault on their local telephone market via TCI's cable lines. Bell Atlantic dropped 5 1/16 to 93 1/16, SBC Communications Inc. fell 2 3/16 to 39 1/16, Ameritech Corp. lost 2 1/4 to 42 1/4, BellSouth Corp. fell 2 3/16 to 67 1/16 and U.S. West Inc. dropped 2 to 45 5/16.

Cable stocks also rallied. Cablevision Systems jumped 1 3/4 to 75 1/4, and Comcast gained 3/4 to 40 1/4. "It is an industry that is consolidating," and investors are looking for the next acquisition target, said Anthony Conroy of BT Global Asset Management.

Equipment makers were big winners. Lucent rose 2 3/4 to 81 1/8, ADC Telecommunications rose 3 3/16 to 35 13/16, Scientific Atlanta rose 2 1/4 to 24 3/16, Tellabs gained 2 3/4 to 72 and General Instrument, a maker of digital cable boxes, jumped 3 to 26 3/16. Northern Telecom rose 2 1/16 to

55 13/16.

"You're seeing a convergence among a number of industries as everybody competes to be the full-service provider to the consumer — long distance, local, cellular and data," said Rick White, a manager at Salomon Brothers Asset Management Inc. in New York.

"As this convergence plays out, since various companies have expertise in different segments of that and they're looking to broaden their offerings, they're engaging in an arms war, where the telecom equipment makers are the guys that are peddling the arms."

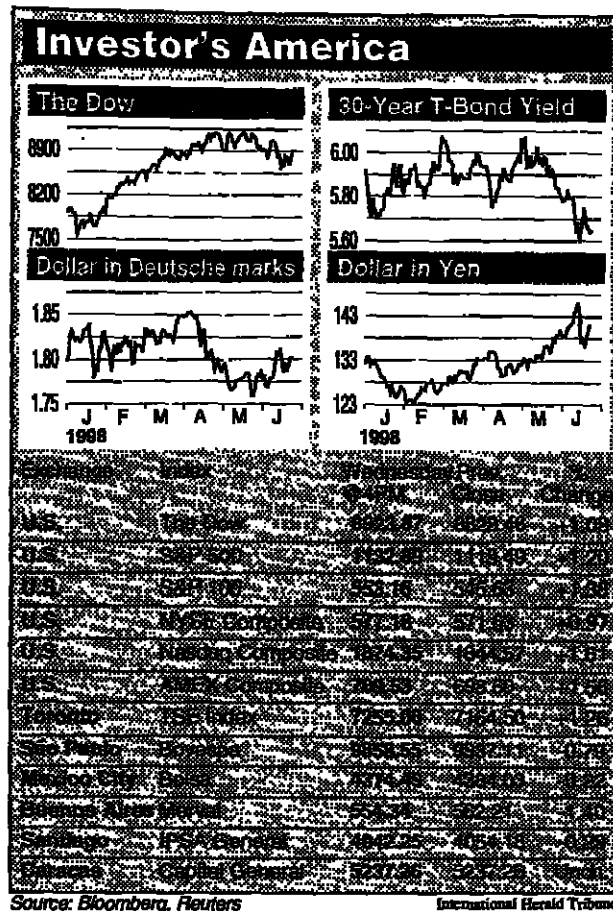
Microsoft rallied. The No. 1 maker of personal computer software unveiled its Windows 98 operating system Thursday, two days after a U.S. appeals court ruled that it can integrate its Internet browser in Windows 95. The stock rose 4 3/16 to 104 15/16.

NationsBank rose 2 3/4 to 77 3/4, leading a rally in bank shares. The U.S. House speaker, Newt Gingrich, proposed cutting the capital-gains tax rate for most individuals to 15 percent from 20 percent, a move that could encourage stock investment, benefiting brokerages and the asset management businesses of banks.

Merck rose 4 1/16 to 131 3/8, leading the Dow's gain.

The drugmaker's sale to Du Pont of its half of their pharmaceutical joint venture for \$2.6 billion was cleared by European Union regulators, allowing Merck to opt out of a business whose profit has been disappointing.

(Bloomberg, AP)



Very briefly:

- **Maidstone Financial Inc.**, a defunct New York brokerage, and four senior executives from Maidstone and another brokerage agreed to pay \$14.8 million to settle charges they defrauded hundreds of investors in three initial public offerings.
- **Netscape Communications Corp.** is still the No. 1 Internet browser company, according to an International Data Corp. study. Netscape held 50.5 percent of the browser market in 1997. Microsoft had 39.1 percent.
- **Venezuela's** central bank said it would introduce bank notes of 50,000 bolivars (\$92) — 10 times the biggest note in circulation — after a decade of inflation.
- **Fidelity Investments Inc.**, the world's biggest mutual fund company, is planning to introduce its first funds in Argentina.
- **The House of Representatives** passed a bill that would bar state and local governments from imposing new Internet taxes for three years.
- **Intel Corp.**, manufacturer of microprocessors that power 80 percent of personal computers worldwide, is expected to delay the release of its 450NX chip set, the newest version of the company's Pentium II technology.

Bloomberg, NYT

Brazilians May Strike at GM Plant

Bloomberg News

SAO PAULO — General Motors Corp.'s Brazilian workers may walk off the job to demonstrate support for striking autoworkers in Flint, Michigan, a union leader said Wednesday. Like the U.S. workers, the Brazilian workers oppose GM's move to shift more production to parts makers who pay their workers less. They may decide to hold a spontaneous strike Friday, said Marcos Vilasboas, metalworkers' union director at GM's factory in Sao Jose do Campos.

At a GM factory under construction in southern Brazil, between 80 percent and 90 percent of production will come from outside suppliers, he said.

'Frenzy to Sell Yen' Goes On

Compiled by Our Staff From Dispatches

NEW YORK — The dollar climbed sharply against the yen on Wednesday, buoyed by warnings from a top U.S. Treasury official that Japan's economic situation remains a source of "considerable concern" and that Japan must move quickly on economic reforms.

The deputy U.S. Treasury secretary, Lawrence Summers, said that last week's joint U.S.-Japan in-

tervention to lift the yen had created a "window of opportunity" for Japan to act, but warned that the window "won't always be there."

"Summers continues to talk about how serious the crisis in Japan is and about how we need actions, not words," said Benjamin Strauss, senior foreign exchange dealer at Bank Julius Baer. "It continues to feed the frenzy to sell yen."

"The markets will do what markets always do," he said. "They will test the resolve of policymakers and push until somebody pushes back. So far nobody's pushing back."

Currency traders remain skeptical about whether Japan will take the necessary actions to aid its banking sector and economy.

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FOREIGN EXCHANGE

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Currency traders remain skeptical about whether Japan will take the necessary actions to aid its banking sector and economy.

"Until we see another round of intervention, this dollar will just continue to go higher against the yen

based on the fundamentals," said Hugh Walsh, senior currency dealer at Commerzbank.

The dollar was quoted at 4 P.M. at 141.225 yen, up from 139.35, in late trading on Tuesday.

Economic statistics did not work in the yen's favor. Japan reported that vehicle output tumbled in May and that department store sales fell for the 13th of the last 14 months.

"These are not the signs of a robust economy," said Bruce Giammattei, a currency trader at Mellon Bank in Pittsburgh. "The country's going down the tubes. Money is pouring out of Japan, and nobody wants to be in it."

The dollar ended slightly higher against the Deutsche mark as subdued German inflation data suggested that the Bundesbank was unlikely to raise German rates anytime soon. German May import prices fell a much larger than expected 0.6 percent, versus the 0.1 percent drop the market was expecting.

The dollar was quoted at 1.8030 Deutsche marks, up from 1.8018 DM.

Against other major currencies, the dollar was also at 1.5086 Swiss francs, up from 1.5050 francs, and at 6.0465 French francs, up from 6.0395 francs.

The pound was at \$1.6683, up from \$1.6678.

(Bridge News, Bloomberg)

U. S. STOCK MARKET DIARY

Indexes	Most Active
Dow Jones	NYSE
High 8923.87	High 1132.89
Low 8918.12	Low 1128.12
Open 8920.12	Open 1130.12
Close 8923.87	Close 1132.89
Change +5.75	Change +4.77
% change +0.06	% change +0.42
Volume 1.2B	Volume 1.8B
Standard & Poor's	Nasdaq
High 1132.89	High 1877.76
Low 1128.12	Low 1872.12
Open 1130.12	Open 1875.12
Close 1132.89	Close 1877.76
Change +4.77	Change +2.64
% change +0.42	% change +0.14
Volume 1.8B	Volume 2.5B

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Change +4.77	Change +2.64
% change +0.42	% change +0.14
Volume 1.8B	Volume 2.5B

U.S. Stock Tables Explained
Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the yearly high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual stock dividends based on the latest declaration.

a - dividend as extra (3), b - annual rate of dividend plus stock dividend, c - liquidating dividend, cc - PE exceeds 99.94, d - new yearly low, dd - loss in the last 12 months, e - dividend declared or paid in preceding 12 months, f - annual rate, increased on last declaration, g - dividend in Canadian funds, subject to 17% non-resident tax, h - dividend declared after split-up or stock dividend, i - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting, j - dividend declared or paid this year on cumulative basis with dividends in arrears, k - annual rate, reduced on last declaration, l - new issue in the past 52 weeks, the high-low range begins with the start of trading, m - first day delivery, n - initial dividend, annual rate unknown, P/E - price-earnings ratio, q - closed-end mutual fund, r - dividend declared or paid in preceding 12 months, plus stock dividend, s - stock split, dividend begins with split of split, sh - split, f - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date, u - new yearly high, v - trading halted, w - bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies, wd - when delisted, x - when issued, y - with warrants, z - ex-dividend or ex-rights, zc - ex-distribution, zw - without warrants, zc - ex-dividend and sales in full, yd - yield, z - sales in full.

INTERNATIONAL FUTURES

24, 1998																								
	Latest	Chge	Optnl			High	Low	Settle	Chge	Optnl			High	Low	Settle	Chge	Optnl			High	Low	Settle	Chge	Optnl
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Work Cut Out
Street

EUROPE

Consumers Give Spain a Lift

GDP Rises 3.7% in Quarter, Its Strongest Rate in 7 Years

Compiled by Our Staff From Dispatches

MADRID—The Spanish economy expanded 3.7 percent in the first quarter of 1998 from a year ago, its strongest showing in more than seven years, as unexpectedly strong domestic demand drove healthy growth.

The National Statistics Institute said Wednesday that the gross domestic product also rose 0.9 percent in the first quarter compared to the fourth quarter of 1997.

That is the highest year-on-year growth rate since the second quarter of 1990, when GDP expanded 3.9 percent.

The data "show that the economy is on a path of sustainable growth and that it has been steadily growing, almost for the third year in a row," said Rodrigo Rato, minister of the economy.

The pace of expansion accelerated from 3.6 percent in the fourth quarter of 1997, but it failed to match the average expectation of most economists to see growth of 3.8 percent.

"I was expecting a 3.8 percent year-on-year figure and the data is slightly lower," said Leticia Alvarez, an economist at J.P. Morgan in Madrid.

"But domestic demand is proving stronger than expected, with private consumption, gross fixed capital formation and imports all

higher than initially thought," she said.

Domestic demand rose 4.1 percent after increasing 3.7 percent in the fourth quarter, with private consumption expanding by 3.5 percent.

Faster economic growth is vital if Spain is going to cut its unemployment, which, at 19.28 percent of the work force, is the highest in the European Union, even though it is a six-year job for Spain.

Creating jobs also is a top priority for the government, now that inflation and public deficits have been pushed down with falling interest rates.

Analysts said that the data confirmed that the Spanish economy would grow strongly this year. Spain may outperform European growth for a second successive year.

"We recently revised up our forecast for 1998 to 4.0 percent year-on-year versus a previous 3.8 percent," said Juan Perez-Campanero, an economist at Santander.

"Our story is similar to that of other countries in Europe, with strong domestic demand and weak external contribution," Mr. Perez-Campanero said. "It's a feature all around the continent."

Germany's economy is expected to grow by up to 3 percent this year

and around 3 percent next year.

The Spanish government recently increased its 1998 growth target to 3.7 percent from 3.4 percent, and several economists also increased their forecasts for the full year.

"We expect GDP to remain in line with these figures in the future, perhaps with slightly lower growth rates for investment, which will have difficulty maintaining such a fast pace of growth," said Antonio Villaverde, an economist at Merrill Lynch in Madrid.

Ms. Alvarez of Morgan said she forecast the Spanish gross domestic product would grow 4.1 percent in 1998.

This level of growth is expected to keep the Bank of Spain from cutting official interest rates this summer although analysts said that the need for European convergence would again become an issue in the second part of the year.

Separately, Luis Angel Rojo, a governor of the Bank of Spain, said in a speech referring to banking rates, "There is little scope left in the overall large adjustment of interest rates. Spanish rates are situated at levels that are similar to those in other European countries and there is no logical reason for them to be cut."

(Reuters, Bloomberg)

GEC and Siemens Plan To End 2 Joint Ventures

Compiled by Our Staff From Dispatches

LONDON—General Electric Co. of Britain and Siemens AG of Germany agreed Wednesday to dissolve two Britain-based telecommunications joint ventures in a transaction worth £700 million (£1.17 billion) as they concentrate on different ends of the market.

Siemens will be paid £610 million in cash for its 40 percent stake in GPT, which makes telephone network switches. It will also receive GEC's 50 percent stake in Siemens

GEC Communication Systems Ltd., which designs corporate phone networks and video-conferencing systems.

The move will allow Siemens to focus on its private communications business, which designs phone systems for businesses and makes mobile phones.

The move fits two of GEC's aims: moving away from what the company's managing director, Lord Simpson, calls "a joint-venture culture," and expanding its telecommunications equipment business.

Analysts welcomed Siemens' decision to reorganize.

"In general this is a good move — strategically correct and very positive for Siemens," said Jochen Klusmann, analyst at Bank Julius Baer in Frankfurt.

Analysts say GEC needs to provide GPT with a clear strategy to compete against rivals such as Alcatel SA.

The joint venture "had problems because its stakeholders have not always been moving in the same direction," said Peter Thilo Hasler, analyst at Bayerische Vereinsbank AG in Munich. "A single parent might help the company get its research and development on a single track."

GEC shares rose 4 pence, to 481 pence. Siemens shares rose 2.75 Deutsche marks, to 111.65 DM (\$62.17).

GEC said it would merge GPT, Britain's largest telecommunications manufacturer, with Marconi SPA, to form Marconi Communications. The unit makes radio communications equipment for the Italian army and emergency services.

Marconi SPA's current managing director, Sandro Gualano, will become chairman of the unit. Mike Parton will be its managing director.

In the year ended March 1997, GPT made a pre-tax profit of £172 million on sales of £1.17 billion. Marconi SPA's sales were about £400 million in the same period.

Marconi Communications will continue to work with Siemens on developing digital communications technology, in which GPT describes itself as "a world leader."

Siemens also said that changes to the joint ventures would lead to a one-time gain of more than 100 million DM. (Bloomberg, Reuters)

Power Clash: 2 Executives Quit at EDF

Compiled by Our Staff From Dispatches

PARIS—The top two executives of France's state-run electricity company resigned Wednesday at the request of the prime minister, the result of an increasingly public power struggle.

Electricite de France's chief executive, Edmond Alphandery, and his right-hand man, Pierre Daures, had been told by the government in March to make peace. But in light of their lack of progress, the government decided to name a new chairman, the Finance Ministry said.

Defense Minister Alain Richard's chief of staff, Francois Roussely, a senior civil servant with no direct experience in the electric utilities industry, has been proposed as the new chairman, the government said. The French Cabinet is planning to name the successor at its weekly meeting July 1.

Mr. Alphandery, a conservative former finance minister, told French Radio on Wednesday that his problems with Mr. Daures stemmed from the fact that although he was head of the organization, it was the government who chose his deputy and his team.

The conflict has paralyzed management of the state monopoly at a time when it was meant to be preparing for the opening of European markets to competition. (AP, AFP)

Mobile-Phone Giants in Computing Deal

Compiled by Our Staff From Dispatches

LONDON—LM Ericsson AB, Nokia Oy and Motorola Inc., the leading mobile phone companies, on Wednesday announced a deal to promote mobile communications software pioneered by Psion PLC of Britain.

The agreement will give Psion a 40 percent stake in a new joint venture that aims to produce software for telephone-like devices capable of gaining access to the Internet and of transmitting electronic mail.

Psion said that Ericsson and Nokia had agreed to pay a combined £57.5 million (\$95.8 million) to acquire 30 percent stakes in the new company, to be called Symbian.

Motorola has agreed to join the project later on similar terms to Nokia and Ericsson.

Psion shares rose 142 pence, to 423.5 pence, in London.

The chairman of Psion, David Potter, said in a statement, "The worlds of mobile computers and mobile communications are converging and this transaction positions Symbian at the forefront of this convergence."

The companies predict that by 2002, the number of mobile phone users will increase threefold, to 600 million, of which up to 15 percent will want to use their handsets as computers.

The announcement was seen by

some analysts as a challenge to Microsoft Corp., as the alliance said it would promote an independent operating system for handheld computers. Psion, which suffered operating losses of £1.1 million pounds on revenue of £6.4 million pounds last year, said the aim of Symbian was to develop "an industry-wide standard for next generation mobile communication and information products," based on Psion's EPOC software.

The president of Nokia Mobile Communications, Johan Siberg, said: "Ericsson is fully committed to working with industry partners in bringing about an open computer software standard." (AP, Reuters)

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
5750	6250	4300	
5400	6000	3700	
5250	5750	3400	
4700	5500	3100	
4300	5250	2800	
4000	5000	2500	
1998	1998	1998	
Exchange Index	Index	Index	
Amsterdam AEX	115.13	116.51	0.36
Brussels BEL 20	3,347.22	3,343.41	44.87
Frankfurt DAX	5,779.37	5,718.71	60.66
Copenhagen Stock Market	738.14	733.63	4.51
Helsinki HEX General	4,334.12	4,762.16	41.04
Oslo OBX	678.30	673.15	5.15
London FTSE 100	5,804.30	5,772.00	32.30
Madrid Stock Exchange	864.00	862.45	1.55
Milan MIBTEL	2,249.00	2,267.17	18.17
Paris CAC 40	4,726.33	4,665.69	60.64
Stockholm SX 16	4,322.24	4,066.25	25.99
Vilnius ATX	1,477.50	1,472.51	5.00
Zurich SPI	4,811.69	4,778.44	33.25
Source: Telekurs			

Very briefly:

- Germany's Chancellor Helmut Kohl said he expected the number of unemployed in the country to fall below 4 million by the end of 1998 from the current level of 4.2 million after adjustment for seasonal factors.
- Caspian Securities Ltd., a three-year-old emerging markets investment bank in London, will wind down most of its businesses, becoming the latest victim of turmoil in Asian markets, people familiar with the situation said.
- Audi AG, the luxury car unit of Volkswagen AG, said first-half pretax profit rose "significantly" from 498 million Deutsche marks (\$276.4 million) a year earlier, although it did not specify by how much.
- Micro Compact AG, a unit of Daimler-Benz AG, said its compact car known as the "Smart" car would cost 16,480 DM marks in its basic version when it is launched in three months.
- TAG Heuer International SA, the Swiss watchmaker, said weak demand in Asia would cause a decline of as much as 10 percent in first-half sales.
- A group including WCM Beteiligungs- und Grundbesitz AG has bought 112,600 apartments used by rail workers of Deutsche Bahn AG for 7.1 billion DM, the German Transport Ministry said.
- Burberry's, the British seller of luxury clothing, said profit in the last financial year plunged to £24.9 million (\$41.5 million) from £62 million a year earlier because of weakness in Asia.
- Gucci Group NV, the maker of handbags and shoes, said shareholders had approved buying back shares and issuing options to management, strengthening Gucci's defenses against Prada, which has bought 9.5 percent of Gucci.
- French consumer spending rose 0.4 percent in May, an unexpected increase and the third in a row. (Bloomberg, Reuters)

WORLD STOCK MARKETS

Wednesday, June 24

Daily price in local currencies

Telekurs

High Low Close Prev.

Amsterdam AEX index: 115.13

Prev.: 114.51

Brussels BEL 20

3,347.22

Prev.: 3,343.41

Copenhagen Stock Market

738.14

Prev.: 733.63

Helsinki HEX General

4,334.12

Prev.: 4,762.16

Oslo OBX

678.30

Prev.: 673.15

London FTSE 100

5,804.30

Prev.: 5,772.00

Madrid Stock Exchange

864.00

Prev.: 862.45

Milan MIBTEL

2,249.00

Prev.: 2,267.17

Paris CAC 40

4,726.33

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Zurich SPI

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High Low Close Prev.

Buenos Aires

Merval index: 548.89

Prev.: 548.89

Copenhagen

Stock index: 738.14

Prev.: 733.63

Frankfurt

DAX index: 3,347.22

Prev.: 3,343.41

Helsinki

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NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Symbol	Price	Change	Volume
IBM	125.00	+1.00	1,200,000
Microsoft	100.00	+2.00	1,100,000
Apple	75.00	+1.00	1,000,000
Oracle	60.00	+1.00	900,000
Amazon	45.00	+1.00	800,000
Google	35.00	+1.00	700,000
Yahoo	25.00	+1.00	600,000
Alibaba	15.00	+1.00	500,000
Facebook	10.00	+1.00	400,000
Twitter	5.00	+1.00	300,000

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NYSE

Wednesday's 4 P.M. Close
(Continued)

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China Sets
Campaign
Against
D-Pirates



China

MONGOLIA: consume

BUSINESS
Appears every
To advertise contact
Tel: 44 171 4...
or your nearest
Here

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ASIA/PACIFIC

China Sets Campaign Against CD Pirates

By Seth Faison
New York Times Service

SHANGHAI — Accustomed to pointing its best face forward for an important guest, China is cleaning itself up for President Bill Clinton's arrival on Thursday.

Not only are roads being repaved, buildings whitewashed and entrance ways decorated on countless routes where the president is expected to travel during his nine days in China, but the authorities are also cracking down on many of the illegal activities that are ordinarily tolerated these days, like the sale of pirated video and music compact disks.

The fight against piracy of software, music and movies, an issue that loomed large in American-Chinese relations a few years ago, has been pushed into the background and is unlikely to be raised seriously during Mr. Clinton's visit, even though it remains as rampant a problem as ever.

An explosion in the video compact disk industry in China in the last two years has created an enormous demand for cheap videos, and pirated versions have been openly advertised and sold in cities all over China.

The boom in video compact disks — "Titanic" was sold on Shanghai street corners for \$2, even before the film's theatrical release in the United States in December — seemed to signal a failure of a 1995 agreement between the United States and China that promised strict enforcement against both producers and sellers.

Charlene Barshefsky, the U.S. trade representative who negotiated the agreement in 1995, tried to deflect such concern when she met with reporters in Beijing last week. She expressed approval of Beijing's efforts to crack down on producers of illegally copied disks and cited a laundry list of numbers: 69 illegal producers shut down, 800 arrests, countless master tapes destroyed.

Ms. Barshefsky even argued that China had ceased to be a high-scale exporter of pirated goods, moving away from the list of offending countries. "We have a far bigger problem now with Italy," she said. But industry experts who follow the situation closely say the only



Richard A. Smith

PROZAC APPEAL — Richard Smith of Eli Lilly announcing Thursday in Beijing that the U.S. drugmaker would file an appeal to China's Supreme Court over a Beijing court ruling denying it a local patent for the anti-depressant drug Prozac.

real change is that the pirates, many of them Taiwan businessmen with histories of organized crime, have moved their operations from the Chinese mainland to Macao, the Portuguese colony scheduled to revert to Chinese rule in 1999. The pirates continue to export from Macao, both to Southeast Asia and even more into China, where demand remains the strongest.

The International Federation of Phonographic Industries, by far the best-informed among trade groups monitoring piracy in China, estimated that in the first half of this year an average of 500,000 illegally copied video compact disks were smuggled back into China from Macao each day, or roughly 15 million disks a month.

Video compact disks, the same size as audio compact disks, typically contain up to 70 minutes of a movie, often requiring two disks for a Hollywood feature. In China, videocassettes are rapidly disappearing, and video compact disk players that cost about \$100 have become a staple of virtually any Chinese family with disposable income.

So while Chinese and American officials are each claiming victory in rooting out pirates, more illegally copied material is on sale in China than ever before. And until the recent crackdown, temporary or not, it appeared as if the Chinese authorities had altogether abandoned efforts to stop the sale of illegal disks.

Until this month, that is. The current crackdown may wear off in a cycle, as previous crackdowns have, but last week the authorities in several Chinese cities brought out bulldozers to destroy millions of pirated video compact disks, in yet another effort to show they meant business.

Singapore's Economy Poised to Brake Hard

Prime Minister Worries About Recession

By Michael Richardson
International Herald Tribune

SINGAPORE — In a move to prevent Singapore from sliding into recession, the government will announce measures Monday to help cut business costs, George Yeo, the information minister and second minister of trade and industry, said Wednesday.

After more than a decade of turbo-charged growth, Singapore's economy is braking sharply and may be heading for recession as the weakness of Japan's currency and economy deepens East Asia's woes.

Prime Minister Goh Chok Tong of Singapore warned recently that the economy was losing steam amid the recession and falling currencies of Japan and Singapore's Southeast Asian neighbors, especially Indonesia and Malaysia.

Significantly, Mr. Goh did not rule out recession in 1998 or 1999, as other Singaporean officials have done until now.

"However, strong our fundamentals, we cannot escape injury when we are in the path of the typhoon," he said. "The region is in recession. We must be prepared for slower growth this and next year."

The economy expanded by 7.8 percent in 1997, after adjustment for inflation. The government's official forecast of 1998 growth stands at 2.5 percent to 4.5 percent, although this is expected to be lowered Monday when Finance Minister Richard Hu announces the off-budget measures to aid business.

The government-linked Development Bank of Singapore Ltd. re-

cently cut its 1998 GDP forecast to between zero and 2 percent — below the Ministry of Trade and Industry's estimate.

Hardest hit sectors include the retail sector, tourism, construction and property.

A recent poll by Singapore's Sunday Times newspaper showed that the island-state may barely pull itself away from a recession this year, with an average forecast of only 1.5 percent growth given by 13 financial institutions.

"Singapore can't be seen in isolation anymore," said Dennis See, a fund manager at Pointworth Management Pte. "Most of its problems are external and beyond its control. There are two very big problems in the region: one is North Asia, and the other is Indonesia."

The recession in Japan is of major concern to Singapore because the Japanese are leading investors and their market is Singapore's fourth-largest for exports.

Japan, with an economy that is more than twice as big as the rest of the East Asian economies combined, also has a major economic impact on the region, where it is a leading trading partner and the main source of investment, loans and aid.

Mr. Goh warned that if the yen continued to fall, it would put pressure on other currencies in the Asia-Pacific region, including those of China and the United States. "A second wave of currency depreciation and a consequential meltdown of Asia cannot be ruled out," he added.

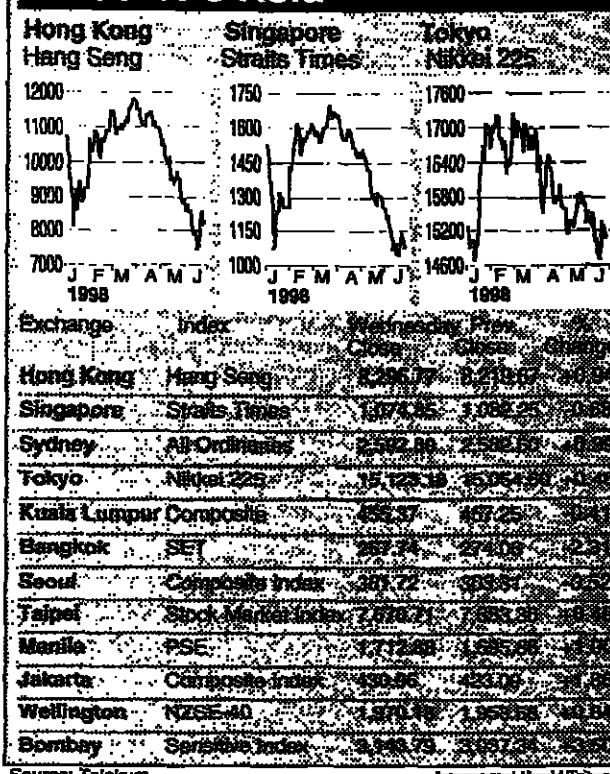
Indonesia and Malaysia are also major trading partners of Singapore. Indonesia is deep in recession; its economy is forecast to contract by at least 15 percent this year. Malaysia reported negative growth of 1.8 percent for the first quarter of 1998.

As a result, Singapore's retail industry is going through its worst slump ever. "Retailers dependent on the tourist trade and very high-end goods are badly hit," said The Ban Lian, president of the Singapore Retailers Association.

While the Singapore dollar is down against the U.S. dollar, it has appreciated substantially against the currencies of its neighbors.

Consumer spending accounts for over a quarter of the economy of Singapore, which receives more than 7 million tourists a year — double its 3.5 million population.

Investor's Asia



Very briefly:

- The U.S. trade representative, Charlene Barshefsky, said that Japan was a "stumbling block" at a meeting of trade ministers of the Asia Pacific Economic Cooperation forum, which ended Tuesday in Malaysia. Mrs. Barshefsky said Japan was reluctant to commit itself to the liberalization of trade in nine economic sectors in 1999. Tokyo finally agreed to the liberalization plan after ministers agreed to allow a certain amount of flexibility in implementation.
- Mitsubishi Motors Corp. said it was considering halting domestic production of its FTO and GTO/3000GT sports cars, as part of its efforts to reduce its number of vehicle platforms and cut costs.
- Mitsui Trust & Banking Co., acting on behalf of the Pension Fund Association, which represents about 1,900 Japanese corporate pension funds, wants Mitsubishi Motors Corp. to end severance payments to executives who resigned to take responsibility for the company's involvement in a racketeering scandal.
- Japan's vehicle output fell 19.7 percent in May from the same month the previous year, to 714,887 units, the Japan Automobile Manufacturers Association said. The drop in production was led by Nissan Motor Co. and Mitsubishi Motors Corp.
- Eisuke Sakakibara, Japan's deputy finance minister for international affairs, will keep his post as the ministry carries out its annual personnel changes, a ministry official said.
- Shenzhen Health Mineral Water Co. said it would take a 51 percent stake in Xili Co., a newly formed mineral water manufacturing joint venture with Danone Asia Pte., which will have a registered capital of 200 million yuan (\$24.2 million).
- Sumitomo Bank Ltd. said it would invest 15 billion yen (\$107.6 million) in a new computer system it developed with NEC Corp. to make its back-office work more efficient. The terminals will allow the bank to trim 300 clerks from its domestic branch offices and 400 people from its data-processing centers.

Reuters, Bloomberg, Bridge News, APX

Clinging to Hope, Sanyo Plans for Worst

Bloomberg News

TOKYO — Sanyo Securities Co., an ailing medium-sized Japanese brokerage house, said Wednesday that it had abandoned restructuring efforts and planned to halt business by Aug. 31, while hanging its last hope on one remaining foreign prospective buyer.

One of 10 second-tier Japanese brokerages, Sanyo filed for court protection from creditors in November and has spent the past seven months seeking companies that could either provide funding or acquire its operations.

The brokerage's legal caretakers said they had decided to start the liquidation process, shuttering all branch offices and laying off most employees by the

end of August, though adding they still await a favorable response from a foreign company that may save it.

"We haven't given up completely," said Akira Fujishima, a provisional trustee. "We're going to leave our window open for further negotiations."

He added there was one remaining foreign company that was still considering acquiring Sanyo's operations, including real estate owned by the brokerage's affiliates, but Mr. Fujishima declined to name the prospective buyer.

Sanyo Securities will shift its efforts from restructuring to liquidating its operations, the trustees said. It plans to return clients' assets and lay off all of its 858 employees by Aug. 31.

MONGOLIA: Consumers Learn That a Buying Boom Was a Bust

Continued from Page 13

The state-owned Bank of Reconstruction and Development had been under investigation since February and banned from further lending, but it continued extending credit worth 4 billion tugrik until the government forced it to merge with the privately-owned Golomt Bank early this month.

Opposition members of Parliament have alleged corruption in the deal, highlighting the bank's continued lending as well as the tight connections between the Golomt Bank's president and the prime minister's party.

At the same time, as Mongolians began trading tugriks

for foreign consumer goods, the value of the country's exports collapsed due to falling prices for copper, gold and cashmere.

Largely attributed to Asia's economic slowdown, copper prices fell 23 percent in the first four months of this year.

Combined with increased overseas spending, the export slowdown sent Mongolia's trade balance spiraling into a deficit of \$72 million for the first four months of this year.

That compares with a surplus of \$10 million for the same period last year.

The currency has come under tremendous pressure, forcing the central bank to spend 15 percent of its reserves

since May propping up the currency at the twice-monthly foreign currency auctions, Mr. Batbayar said. Reserves now stand at \$80 million, he added.

The falling copper prices are also slashing the already strained government budget. The state-owned Erdenet Copper Corp. supplies nearly a quarter of the Mongolian government's revenue.

This year's budget was planned on a world copper price of \$2,100 per ton but the price has now fallen to nearly \$1,600.

Erdenet's difficulties have created a dangerous debt chain, Mr. Batbayar said, noting that the mining company has been unable to pay elec-

tricity its bills.

The company currently consumes approximately 30 percent of the country's total energy.

"We must privatize Erdenet soon because the state's budget should not depend on one company alone; it would be better to earn it collecting taxes," the finance minister said, adding that the self-off would take place by the year 2000.

Despite the looming crisis, Mr. Batbayar remained optimistic about the progress of the Mongolian economy.

"Our foreign reserves were zero between 1990 and 1994, so to have nearly \$100 million now is quite an achievement," he said.

In 1997, the business volume of the DGZ Group advanced by 6.0 percent to DM 119.0 billion. This growth stemmed primarily from increases in lending activities, securities business as well as money market operations.

DM 45.8 billion was taken up in the money market.

Net interest income was up DM 42.3 million to DM 557.0 million while net commission income surged DM 33.5 million ahead of the previous year's figure to

BUSINESS YEAR 1997

DGZ: TRADITIONAL STRENGTHS GENERATE CONTINUED SUCCESS

Long-term refinancing rose by DM 3.3 billion to DM 63.8 billion, of which securitized liabilities accounted for DM 38.2 billion. In this context, our Jumbo Pfandbrief issues further diversified the Group's funding base. Moreover, long-term borrowing amounted to DM 25.6 billion, and

DM 101.9 million. After risk provisions and valuations, the Group boosted the operating result by 10.9 percent to DM 334.2 million. The year's performance once again documents the soundness of our service commitment: flexible specialization to meet the needs of our clients.

DGZ Group at a glance	1997	1996	+/- %
DM million			
Total Assets	112,803	105,885	6.5
Due from Banks	54,629	47,777	14.3
Due from Non-bank Clients	35,160	36,056	-2.5
Deposits by Banks	51,643	47,410	8.9
Deposits by Non-bank Clients	19,706	19,733	-0.1
Own Funds	2,309	2,240	3.1
Net Interest and Commission Income, Trading Results	693	629	10.2
Administrative Expenses	194	225	-14.0
Operating Results	334	301	10.9
Taxes	235	198	18.4
Net Income	52	56	-6.9

A copy of our annual report is available upon request.



Deutsche Girozentrale
Deutsche Kommunalbank
Frankfurt am Main/Berlin

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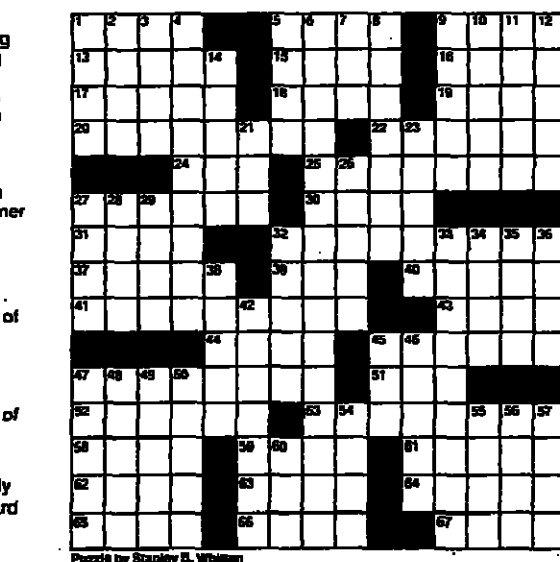
CROSSWORD

ACROSS

- Singer whose life was made into a 1980 hit story
- Word said with vigor
- Leg up
- Sammy Kaye's "Tomorrow"
- Golfers Sandy
- Hoodlum
- Outlet
- Atlas section
- Person standing in a row

DOWN

- Page of math problems, say
- African fly
- Cameo ending
- Visionary
- Opposed
- Boss Tweed's nemesis
- Italian moola
- Villain's doing
- There are five in a shilling
- Night of celebration
- Frank Lloyd Wright's House
- Bard's stream
- Kind of rug
- Book classification
- Ship-related
- Abbr.
- Big tear



Picture by Stanley D. Weisman

See our International Franchises every Wednesday in The Intermarket

Solution to Puzzle of June 24

ACROSS: 1. SINGER WHOSE LIFE WAS MADE INTO A 1980 HIT STORY: **BOB DYLAN**
2. WORD SAID WITH VIGOR: **BOSS**
3. LEG UP: **BOOST**
4. SAMMY KAYE'S "TOMORROW": **BOSS**
5. GOLFER SANDY: **BOSS**
6. HOODLUM: **BOSS**
7. OUTLET: **BOSS**
8. ATLAS SECTION: **BOSS**
9. PERSON STANDING IN A ROW: **BOSS**

DOWN: 10. PAGE OF MATH PROBLEMS, SAY: **BOSS**
11. AFRICAN FLY: **BOSS**
12. CAMEO ENDING: **BOSS**
13. VISIONARY: **BOSS**
14. OPPOSED: **BOSS**
15. BOSS TWEED'S NEMESIS: **BOSS**
16. ITALIAN MOOLA: **BOSS**
17. VILLAIN'S DOING: **BOSS**
18. THERE ARE FIVE IN A SHILLING: **BOSS**
19. NIGHT OF CELEBRATION: **BOSS**

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WORLD ROUNDUP

High Testaverde

Football

Strengthened Rivalry

Texas Hitter Break Out of Slump With 16-Run Burst

Baseball

Scoreboard

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Paraguay Wins, Gains 2d Round

Weakened Nigerians Lose, But Finish Atop Group D

Compiled by Our Staff From Dispatches
TOULOUSE, France — Paraguay started quickly and finished strongly to beat a second-string Nigeria team, 3-1, Wednesday and secure a place in the second round of the World Cup.

Paraguay will play host France, which has won all three of its matches, in Lens on Sunday. Nigeria plays Denmark, runner up to France in Group C, at the Stade de France in Saint Denis on the same day.

Paraguay had not scored a goal in its first two matches. It took 51 seconds to break that run.

Francisco Arce swung over a free kick from the right and, with the Nigerian defense sta-

injuries or suspensions, made seven changes to the side which beat Bulgaria 1-0 in the previous match.

Nwankwo Kanu, starting his first game, took over the captaincy from suspended skipper Uche Okechukwu, while Paraguay dropped midfielder Roberto Acuna and brought in Hugo Brizuela and Jose Cardozo up front.

Even so, the Nigerians dominated much of the first half and Chilavert, was kept busy, saving acrobatically from Sunday Oliseh's shot. Taribo West's header and Raheed Yekini's shot all in the space of six minutes.

Paraguay started the second half on the attack and Rufai had to dive at the foot of the post to turn a shot from Hugo Brizuela round the post.

But Nigeria wasted a great chance to go ahead in the 57th minute when Yekini turned a defender and ran clear with only Chilavert to beat but toe-poked tamely at the keeper.

Paraguay regained the lead two minutes later.

There seemed little danger when Carlos Paredes fed Benitez with a sideways pass. But the Nigerian defense allowed the Paraguayan midfielder far too much room to shoot and he powered a rising shot that brushed the fingertips of the diving keeper Rufai on the way into the net.

The Paraguayans could have made it 3-1 in the 74th minute when Rufai ran out of his area and lost the ball as he tried to dribble around Jose Cardozo. The ball ran to Brizuela who had two defenders to beat but shot well wide of the net.

But the Paraguayans made sure five minutes from the end when Cardozo was left unmarked close to the Nigerian goal and spun to fire an angled shot inside the far post. (AP, AP, Reuters)



Krassimir Balakov of Bulgaria, left, and Guillermo Amor of Spain going toe-to-toe as they fight for the ball.

Spain Displays Its Power Too Late

Despite 6-1 Triumph Over Bulgaria, Team Is Eliminated From Cup

Compiled by Our Staff From Dispatches

LENS, France — Spain trounced Bulgaria, 6-1, on Wednesday for its first World Cup victory, but still failed to qualify for the next round because of Paraguay's victory in the parallel Group D match against Nigeria.

Spain demonstrated speed and skill unseen in its first two World Cup matches against Nigeria and Paraguay. It controlled possession for much of the game, although Bulgaria improved its performance in the midfield and on the attack in the second half.

Fernando Hierro converted a penalty in the sixth minute. He sent Bulgaria's goalkeeper, Zdravko Zdravkov, to his right by placing a shot into the opposite side of the net after a defender, Ivaylo Jordanov, brought down Luis Enrique as he broke into the Bulgarian box from the left.

Twelve minutes later, Joseba Etxeberria raced down the right to cross to Luis Enrique, who beat two Bulgarian defenders to send the ball from 8 meters past the advancing Zdravkov into the far right side of the goal.

Spain pressed on with a series of

flowing attacks at a pace that Bulgaria's aging veterans could not match.

Bulgaria's star attackers, Hristo Stoichkov and Emil Kostadinov, were marked handily by Rafael Alkorta and

SPAIN 6, BULGARIA 1

Miguel Nadal, who allowed very little play to get past them.

Luis Enrique set up Spain's third goal on a fast break from the midfield in the 53rd minute, finding Francisco Morientes, who drilled it low from 14 meters into the goalkeeper's left-hand corner.

Three minutes later, Bulgaria made it 3-1 when Kostadinov swiveled around and fired from 12 meters out, squeezing the ball between Rafael Alkorta and Andoni Zubizarreta and hitting the left post before the ball finally bounced into the net.

In the 80th minute, Raul Gonzales flicked the ball to the unmarked Morientes at the edge of the area. The Real Madrid striker pushed it past the diving Zdravkov from 6 meters.

Nine minutes later, Zdravkov elbowed the ball in after a header by Kiko

Narvaez bounced off the crossbar. Spain made it 6-1 three minutes into injury time, when Kiko took the ball down from a cross from the left, then turned and shot it between Zdravkov's legs.

But by that time there was no joy among the Spanish players. They were aware that Paraguay had just beaten Nigeria, 3-1, thus qualifying for the next phase instead of the third-placed Spaniards.

Bulgaria's best opportunity came on a fast break in the 34th minute, when Stoichkov heeled the ball to Luboslav Penev, whose shot was blocked by Zubizarreta. Stoichkov pounced on the rebound but his shot was headed away by Nadal.

It was Stoichkov's final significant action in a World Cup match. He was taken off at half time by coach Hristo Bonev, who sent on Iljan Iliev in place of the 32-year-old veteran.

The last team to score six goals in the World Cup was Russia in a 1994 match against Cameroon. Like Spain, Russia was also eliminated from that year's competition. (AP, Reuters, AFP)

FOUL: Contested World Cup Calls Finish Morocco and Cameroon

Continued from Page 1

The foul came in the 58th minute, when the Hungarian referee Laszlo Vagner decided that Patrick Mboma had pushed Ronaldo Fuentes just before Francois Omam Biyick put the ball in the net.

Biyick said Wednesday that his team had been the victim of a plot. We were robbed," he said. "The Europeans wouldn't accept a Cameroon victory."

Jacques Song'o, Cameroon's veteran goalkeeper, who like Biyick is unlikely to appear in another World Cup, said he found it hard to accept the team's elimination. "After what happened to us and then that imaginary penalty for Norway, it makes you think that perhaps African countries aren't supposed to win the World Cup," he said.

"Perhaps the 2002 tournament should just be for European and South American sides because no one else stands a chance," he added.

Le Roy said he had received messages from all over Africa. "A government minister called from Mali, the head of the Senegalese soccer

federation called, people phoned from Ivory Coast and Burkina Faso, all with the same message. Africa feels it has been cheated," Le Roy said.

Keith Cooper, the federation's chief spokesman, said Wednesday that FIFA remained pleased with the overall level of refereeing in the tournament, which has been marked by controversial calls on fouls and expulsions.

"Ironically it was not so much a case of red and yellow cards as a matter of two of the decisions taken," he said.

"The standard remains very, very high," he said. "If there were two errors — and I don't say that there were — out of all the games played so far, this is a very low error rate."

"We are confident the referees take their decisions in good faith and those decisions are definitive," he said.

Later Wednesday, Sepp Blatter, the FIFA President, implicitly undercut his referees by calling for a change in their status. Referees are currently part-timers or amateurs. "We must change the referees," said Blatter. "We have to have professional referees."

"All round the world we have pro-

fessional leagues. Everyone is professional except the most important man on the field," he said.

Le Roy said he had talked with fellow Frenchman Michel.

"I suggested Morocco and Cameroon should play a friendly match without any referees," Le Roy said with a bitter smile. (AP, AFP, Reuters)

Threats in Cameroon

Threats of Cameroon soccer fans attacked vehicles and businesses owned by white expatriates Wednesday in retaliation for what they described as a racist anti-African plot by World Cup officials, the Associated Press reported from Yaounde, Cameroon.

No injuries were reported. The attacks accompanied Cameroon's government condemnation of officiating in the World Cup after Cameroon was eliminated from the tournament Tuesday. Several cars, including one with diplomatic license plates, were damaged and a number of people were threatened by crowds of university students shouting anti-white slogans in the streets of Yaounde.

A Dreadful Call Derails Morocco

'Whistle From Hell' Sounds

By Rob Hughes
International Herald Tribune

LYON — Soccer as a sport extended, and then betrayed, its boundaries in Marseille.

In the Stade Velodrome on Tuesday night, we were 60,000 witnesses to a love affair made through the passions of soccer. It was a scene almost out of

VANTAGE POINT

Hollywood: Norwegian man dressed in black tie and top hat weds Brazilian woman in traditional white gown on the pitch before their two nations play World Cup soccer.

Keeping up with the times, baby came, too. Christina, the daughter of Olvind Ekeland and Rose Angela De Souza, held their wedding rings. The band played "Stand by Me," the groom tossed his hat to the crowd and FIFA blessed this union born of the Beautiful Game.

"Of course," said Rose Angela, "I'm a Brazil supporter. But I won't cry if Norway wins."

Norway did win, and the crying was done in Saint Etienne, to the north. There, Morocco trounced Scotland, 3-0, but went out of the tournament because of Norway's late goals. After the nuptials, this had not been a loving game in Marseille. The Brazilian team, already assured of top place in the group, played without a hint of samba.

It went through the motions, unconcerned that tens of thousands paid to be entertained, taking care not to accrue yellow or red cards. That was the first betrayal. The second was Norway, which, even when coach Egil Olsen knew Morocco was two goals up in Saint Etienne, maintained an unaltered strategy of smothering the game with nine in defense, harassing and holding and checking until, Olsen hoped — and he was proved correct — Brazil grew weary and careless.

Norwegians are as athletic as they come, which is why they could outlast Brazil and strike when the final moments invited it. I am less concerned by this pragmatism, and even by Brazil's discouraging acquiescence to it, than by the injustice of the final goal.

That came from the most appalling penalty decision of this or many a World Cup. Even most Scandinavians admit it was a soft penalty. I would say a scandalous one. Viewed with the naked eye, Tore Andre Flo was the aggressor, not the victim, in the collision three minutes from time with Brazil's Junior Baiano. The Norway forward — and I do mean the forward because he so often toiled a lone furrow in attack — is splendidly athletic, deceptively quick and clever on the ground.

But here was aerial combat, the ball swung in high. Flo backing into Baiano, the referee for some reason fooled by the drama of Flo's fall. The penalty, converted by Kjetil Rekdal's nerveless kick, won the match. It also destroyed at a stroke the merit of Morocco's attempt to carry a North African flag into round two.

"Beaten by the whistle from hell," was the sardonic, sad comment of Henri Michel, the French coach for Morocco. He held his breath, disbelieving and ultimately angered players to as dignified an exit as they could muster.

The injustice of it was shared by most, not all, in the stadium. But, on a night when Cameroon also felt cheated of a goal and of the progress Africa deserves, the implication of racism is unwarranted.

No, Estanislao Baharnast, the referee in Marseille, was not dishonest. He was incompetent. Before his whistle for the penalty, he had erroneously shown two yellow cards. He booked Oyvind Leonhardsen for a perfectly fair challenge and showed yellow when it should have been red to Erik Mykland for a dangerously high, late kick on Roberto Carlos.

This referee, ostensibly from Colorado where he is an investment analyst in his day job, speaks Persian as a mother tongue, English and Spanish as acquired languages. He sounds as though he ought to have some idea of the world and some notion of what his misdeeds have done to Morocco.

FIFA, however, defends him — in a fashion. "If there were two errors — and I don't say that there were — out of all the games played so far," said Keith Cooper, FIFA's spokesman, "this is a very low error rate. FIFA is satisfied with the level of refereeing at this World Cup."

The consequences of sending small nations, from Africa or anywhere else, home disgruntled over the state of fair play should concern those whom Africa helped vote into power.

The bride of Marseille may not be weeping. Others are. Rob Hughes is Sports Correspondent of The Times of London

WORLD CUP BRIEFS

Police Investigate 2 Germans

French authorities placed two Germans under formal investigation, a step shy of charging them over the beating a gendarme, Daniel Nivel, into a coma.

The men — Markus Warnecke and Steffen Karl Elschner — have denied the allegations stemming from an attack after Sunday's Germany-Yugoslavia match in Lens.

French police said Wednesday they had arrested an Austrian suspected of having taken photographs of the attack on Nivel. Police said the 17-year-old was identified by Austrian hooligan "spotters" at the Stade de France in Paris during Italy's match against Austria on Tuesday.

The man, described as a "hooligan groupie," is said to follow German hooligans around and to have shot two rolls of film of the attack on Nivel. Some were published in the German newspaper Bild. (AP, AFP, Reuters)

Injured Italian Defender Is Out of Cup

Alessandro Nesta, a 22-year-old Italian center back, damaged knee ligaments in the victory over Austria on Tuesday and is out of the World Cup. Nesta flew home to Rome on Wednesday. (Reuters)

WORLD CUP SCOREBOARD

FIRST ROUND

GROUP A	W	T	L	GF	GA	Pts
Y-Brazil	2	0	0	6	4	6
Y-Norway	1	2	0	5	4	5
Y-Morocco	1	1	1	5	5	4
Y-Scotland	0	1	2	2	6	1

GROUP B

x-Italy	2	1	0	7
y-Chile	0	3	0	4
Austria	0	2	1	3
Cameroon	0	2	1	2
Chile 2, Italy 2				
Austria 1, Cameroon 1				
Austria 1, Chile 1				
Italy 2, Cameroon 0				
Italy 2, Austria 1				
Cameroon 1, Chile 1				

GROUP C

Y-France	3	0	0	9
Y-Denmark	1	1	1	3
Y-South Africa	0	2	1	3
Y-Saudi Arabia	0	1	2	2

GROUP D

W	T	L	GF	GA	Pts
Y-Paraguay	2	0	1	5	6
Y-Nigeria	1	2	0	3	5
Y-Spain	1	1	1	8	4
Y-Bulgaria	0	1	2	1	1

GROUP E

W	T	L	GF	GA	Pts
Y-Belgium	2	0	1	5	6
Y-Nigeria	1	2	0	3	5
Y-South Africa	1	1	1	8	4
Y-Bulgaria	0	1	2	1	1

GROUP F

3	Spain — Bulgaria 1
4	Spain — Fernando Hierro & Luis
2	cisco Morientes 53, 81, Kiko 88, 90
1	Bulgaria — Emil Kostadinov 57

GROUP G

W	T	L	GF	GA	Pts
Y-Paraguay	2	0	1	5	6
Y-Nigeria	1	2	0	3	5
Y-Spain	1	1	1	8	4
Y-Bulgaria	0	1	2	1	1

GROUP H

GA	Pts	Netherlands 5, South Korea
5	6	JUNE 25, IN
1	5	Belgium vs. South Korea
4	4	JUNE 25, IN ST
7	1	Netherlands vs. Mexico
		GROUP
		W T
Germany	1	1
Yugoslavia	1	1

GROUP I

e 18, Fran-	Yugoslavia 1, Iran 0
	Germany 2, United States 0
	Germany 2, Yugoslavia 0
	Iran 2, United States 1

GROUP J

Liquel Benitez 59, Jose					United States vs.
L	GF	GA	Pts		
0	5	0	4	y-Romania	
0	5	3	4	England	
0	2	2	2	Columbia	
2	1	8	0	Tunisia	

GROUP K

URUS	Romania 2, Engla		
TIENNE	Romania vs. Tral		
	Colombia vs. Eng		
0	GF	GA	Pts
1	4	2	4
0	3	2	4
			y-Argentina
			y-Croatia

GROUP L

Argentina 1, Japan 0
Croatia 3, Jamaica 0
Croatia 1, Japan 0
Argentina 5, Jamaica 0

GROUP M

IN NANTES					
Group					
W	T	L	GF	GA	Pts
0	0	0	3	1	4
0	1	3	2	3	3
0	1	1	1	3	3
0	2	0	3	0	0

GROUP N

IN ST. DENIS					
S. IN LENS					
OUP H					
T	L	GF	GA	Pts	
0	0	6	0	8	
0	0	4	1	6	

GROUP O

W	T	L	GF	GA	Pts
Y-Germany	1	1	0	4	2
Y-Yugoslavia	1	1	0	3	2
Y-Iran	1	0	1	2	3
Y-United States	0	2	1	4	0

GROUP P

nd round

ictory, one for a tie. First two in
second round. If two or more
number of points the following
1. goal difference; 2. number
of goals scored in the group

GROUP Q

ND ROUND

E 27, IN PARIS
KOR vs. Chile

E 27, IN MARSEILLE
Y vs. Norway

E 28, IN LENS
R vs. Portugal

E 28, IN ST. DENIS
K vs. Denmark

GROUP R

IN BLANCKMELLEN	
F vs. 2nd Group E	
3, IN BORDEAUX	W
G vs. 2nd Group H	

####

WORLD CUP

France 'Perfect' Host After Beating Danes

Triumph Gives Home Team 3-0 Record in Cup

By Christopher Clarey
International Herald Tribune

LYON — The Tour de France continues for the host nation, and so far it has won every stage in style.

First came Marseille on a night when a chilly Mistral blew but there was no lack of warmth in the stands. Then came Saint Denis, a rough Parisian suburb with a graceful new stadium that already has become a home. On Wednesday, it was Lyon's turn to belt out *La Marseillaise* and mean it.

It has been an anxious two weeks for France, which has seen its bright and shiny World Cup tarnished by strikes in

FRANCE 2, DENMARK 1

the air and ticket scandals, rioting and neo-Nazi salutes on the ground. But the French team has yet to be troubled on the field. It won its three first-round games by a combined score of nine goals to one, and its comfortable 2-1 victory over Denmark on Wednesday made it the first team in this World Cup to head into the second round with a perfect record.

Only two other host nations have started as well: Uruguay in 1930 and Italy in 1990. The coming weeks will tell if the French will follow on the heels of Uruguay, which won, or Italy, which lost before the final. What is clear after Wednesday's match is that France has plenty of players capable of contributing.

The French national team has a nickname for its reserves. They are called "les coiffeurs," or the hairstylists, because reserves are able to keep their locks dry and in place as they observe the real players from the bench.

But after three games, the only French players who have yet to perspire for their nation are the backup goalkeepers, Bernard Lama and Lionel Charbonnier. Against the Danes, who also qualified for the second round despite their loss, the French coach, Aimé Jacquet, started only four players who had started the opener against South Africa.

Jacquet did this for good reasons. His star player, Zinedine Zidane, is out for two games — including the second-round match on Sunday — after raking

his cleats on the leg of a Saudi player. Three other regulars — Captain Didier Deschamps, Bixente Lizarazu and Laurent Blanc — were rested to avoid the risk of picking up second yellow cards that would have knocked them out of the second-round match.

It was a calculated risk: France still needed a draw on Wednesday to clinch first place in Group C. But France has the players to gamble and win, although it doesn't get the chance to see them on its own soil very often. Against Denmark, France's defensive midfield was made up of Patrick Vieira and Emmanuel Petit, who play together every week for Arsenal in England. Its central defense was Marcel Desailly, who is having a magnificent tournament, and Frank Leboeuf. They will play side-by-side for the trendy English club, Chelsea, next season.

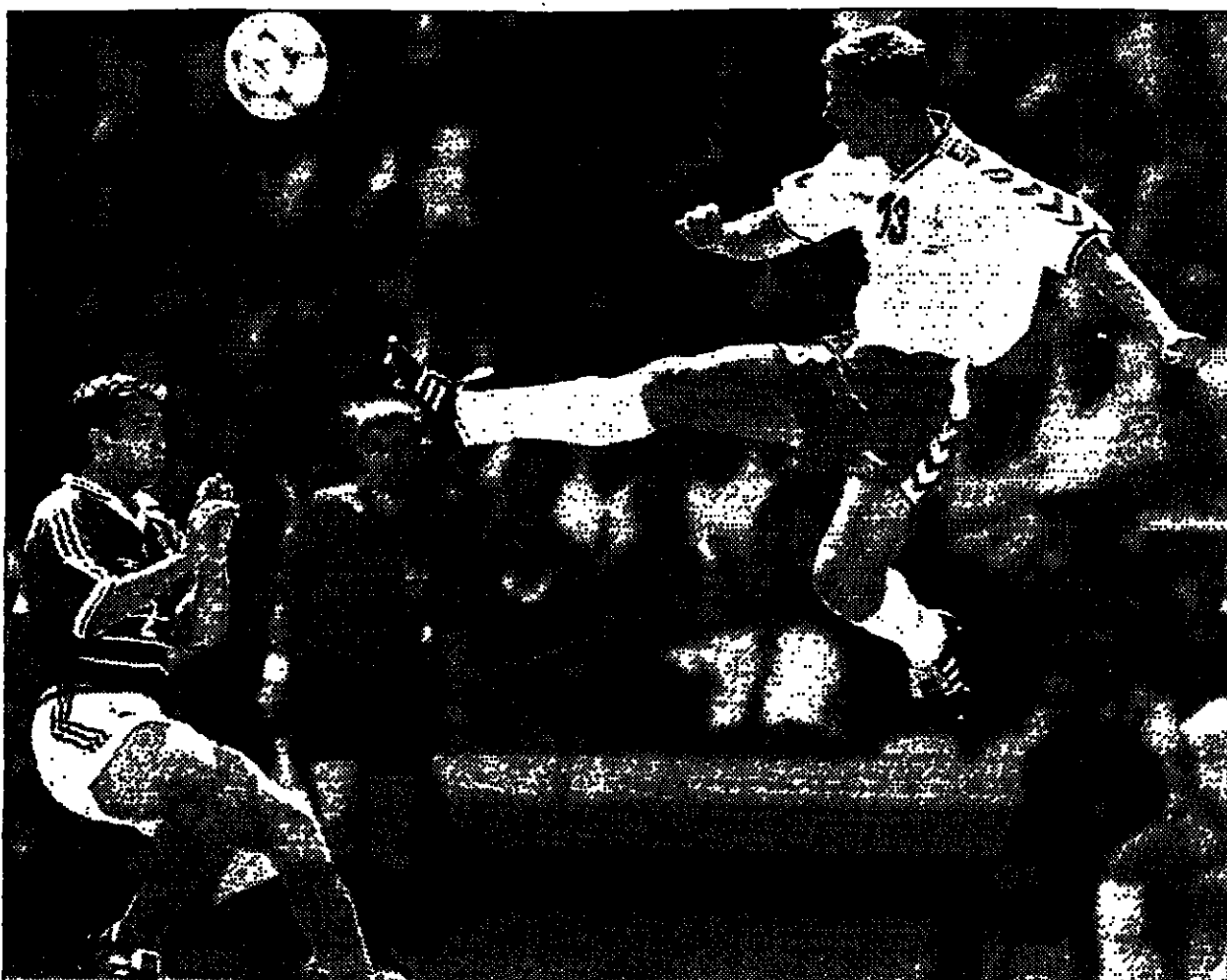
France's outside fullbacks on Wednesday, Vincent Candela and Christian Karembeu, play in Italy and Spain.

The Danes looked shaky in midfield and lacked speed in defense. But in one of the weaker groups in this World Cup, the Laudrup brothers, Michael and Brian, and their Swedish coach, Bo Johansson, still had enough savvy to earn a date with Nigeria in the second round.

The Danes came into Wednesday's match with four points to South Africa's one. They also came in with a four-goal edge in goal differential, which meant that even if Denmark had lost by a goal to the French, South Africa would have had to outscore Saudi Arabia by three goals. Those teams played to a 2-2 tie on Wednesday.

For a short while, it appeared Denmark might have reason to feel apprehensive. That was after Youri Djorkaeff converted a penalty kick for France in the 12th minute and South Africa took a 1-0 lead against the Saudis. Candela then yanked down Martin Jorgensen and Landrup was soon equalizing with a penalty kick in the same stadium where he played in 1984 in the European Championships.

After the Saudis erased the South African lead by converting a penalty kick of their own late in the first half, it was practically time for the Danes to start preparing for Nigeria.



Jacob Larsen of Denmark leaping to kick the ball while Vincent Candela of France remains earthbound.

Draw Eliminates the South Africans

Compiled by Our Staff From Dispatches

BORDEAUX — Saudi Arabia, already eliminated, played to a 2-2 draw with South Africa in their Group C match here on Wednesday, killing the African's chances of going into the second round. South Africa had to win by at least three goals to overhaul Denmark on goal difference.

Shaun Bartlett scored twice for South Africa, but penalty strikes by Sami Jaber and Youssef Thinyan gave Saudi Arabia the draw and ended the South Africa's hopes of advancing in its first World Cup.

South Africa dominated the match, putting consistent pressure on the Saudi defense. But the two penalties awarded the Saudis by the Chilean referee, Mario Sanchez, proved the equalizing factor.

Saudi Arabia finished Pool C play with one point on the draw and two losses, to France and Denmark.

South Africa had two points on its

SAUDI ARABIA 2,
SOUTH AFRICA 2

draws with Denmark and the Saudis after losing to France in the opener.

The Saudis played under a new coach, Mohammed Kharashi, a long-time assistant, after the Brazilian Carlos Alberto was fired after the 5-0 loss to France.

Both penalties against South Africa involved the defender Pierre Issa and were questionable. On the first Thinyan fell in the penalty area after Issa brushed him. Jaber took the penalty,

beating the South African goalkeeper, Hans Vonk, high to the left side.

The second call came in the 73d minute after Issa wrestled with Ibrahim Shahrani for the ball, eventually pulling him down. From the penalty, Thinyan beat Vonk low, again to the left.

Bartlett scored the second World Cup goal in South African history in the 18th minute, taking a long clearing pass from Issa while shielding off the defender Fuad Amin and fooling Mohammed Deayea, the Saudi Arabian goalkeeper, by shooting for the near corner.

South Africa pushed for an equalizer, with Lucas Radebe testing Deayea on a free kick. Then Jerry Sikosana was pulled down in the penalty area in injury time, and Bartlett blasted the kick past Deayea for the draw. (AP, AFP)

For Belgium, Netherlands, and Mexico, 2 Places in the Next Round

Compiled by Our Staff From Dispatches

Belgium vs. South Korea, Paris, 4:00 P.M. After Thursday's final round of Group E matches, the South Korean team will follow their fired coach, Cha Bum-Kun, home. Which of the other three teams in the group also leaves is still to be decided. The permutations are complex. The Dutch need a draw to be sure. Their opponents, the Mexicans, need a victory.

Belgium is third in Group E, two points behind the Dutch and Mexicans, which each have four points. But if Belgium beats the South Koreans, who lost their last match, 5-0, by at least three goals, it will advance.

"We are not going to play with the obsession of having to score three times," said Enzo Scifo, a veteran midfielder. "We'll start by trying to win the match and then we'll see."

The Belgians are without their winger, Danny Boffin, who suffered a knee

injury against Mexico last week, and the goalkeeper, Filip de Wilde, has a groin strain that could force him to make way for Philippe Vande Walle.

Belgium's captain, Franky Van der Elst, is also doubtful.

Leekens announced his team Tuesday, and Nico Van Kerckhoven takes Boffin's place. Gert Verheyen, sent off against Mexico, is suspended.

Netherlands vs. Mexico, Saint Etienne, 4:00 P.M. Guus Hiddink, the Dutch coach, says he plans no major changes after his game plan worked perfectly against the South Koreans.

Patrick Kluijvert, the striker, is still suspended and Phillip Cocu will again support Dennis Bergkamp.

Hiddink's sole concern is on the right side of midfield. The Dutch have three right-footed options — Ronald de Boer, Wim Jonk and Clarence Seedorf — but only two slots. Moreover, all three want to play in the right center not on the

flank. Seedorf disappointed against Belgium. De Boer pushed wide, against South Korea, but never tried to beat his man on the outside.

Mexico's best striker, Luis Hernandez, has missed training with an ankle

THURSDAY MATCHES

injury. If Hernandez cannot play, the coach, Manuel Lapuente, said he would start with Ricardo Pelaez.

Germany vs. Iran, Montpellier, 9:00 P.M. Yugoslavia moves to round two — unless it loses heavily against the Americans. The decisive action will be in the other match where if the unthinkable happens and Iran wins, it will advance and the Germans will be eliminated.

Jalal Talabi, the Iranian coach, said he did not want his players to feel the pressure. "We have no fear of losing," said Talabi. "If we lose that's no surprise."

But if we win that will be a surprise and we hope to create that surprise."

The Iranians will field three players who earn their living in Germany — Ali Daei and Karim Bagheri of Arminia Bielefeld and Khodadad Azizi. Talabi says their knowledge of the Bundesliga could prove invaluable. "We know how to handle the Germans. We'll win this match," Daei said.

Germany, meanwhile, reported no major injury problems. Jurgen Klinsmann, the striker, is expected to play despite being taken off the field unconscious in the game against Yugoslavia.

Lothar Matthaus, the 37-year-old who made a World Cup record of 22 matches when he came on as a substitute against Yugoslavia, will start against Iran.

The return of Matthaus could push the average age of the team to 31 years. Vogts said that some of his players were simply awed by Yugoslavia's superior skill. "We were like a rabbit

before a snake," Thon said of the game.

If Germany comes second in the group, it is likely to face the Netherlands in the second round, something that the Germans want to avoid.

Yugoslavia vs. United States, Nantes, 9:00 P.M. The Yugoslavs have three injury worries as a hangover from their draw with the Germans. Darko Kovacevic, a striker, has a thigh injury, Zeljko Petrovic, a midfielder, has a corked leg muscle and Miroslav Djukic, a defender, has an injured right calf.

The Yugoslav players have played down talk of the political implications of the match. The United States is a fierce critic of Slobodan Milosevic, the Yugoslav leader.

"Don't ask me if the match against the U.S.A. is of political interest," Petrovic said. "The World Cup is about football, not politics. It's all about sport to us." (AP, Reuters, AP)

U.S. Players Expressing Discontent With Coach

By Amy Shipley
Washington Post Service

NANTES, France — Even with one match still to play, several veteran American players have been expressing dissatisfaction with the strategy and the decision-making employed by Steve Sampson, the coach.

Some players plan to voice their displeasure about a variety of Sampson's decisions after the United States plays its final match against Yugoslavia Thursday.

"Everybody's ready to explode," said the veteran defender Alexi Lalas, who did not play in either of the first two matches. "You can get ready for it."

Pockets of discontent arose after the team's loss to Germany in the opening game, a defeat that Lalas called "humiliating and embarrassing — an insulting performance to ourselves and all the players that have come before."

The loss to Iran on Sunday escalated some players' frustration. Five new players started, and Sampson brought out a new formation. Some players, though, say the dissension may have begun with Sampson's decisions in April to cut John Harkes, the captain, and install a new formation and a new — and less experienced — group of players on the basis of one performance: a 3-0 victory over Austria on April 22.

"It's rather naive to think that a team that has gone through so much together can basically be rearranged and be expected to play with any consistency and cohesiveness," Lalas said. "It just doesn't happen, especially in soccer."

"If this was the master plan, good god, it was pretty masterful," he said, adding that Sampson's "got a weird definition of a master plan."

On Wednesday, Sampson said that "to respond to Alexi Lalas' comments would take the focus off the game for Yugoslavia."

"Right now, the focus is on preparing for Yugoslavia," he said.

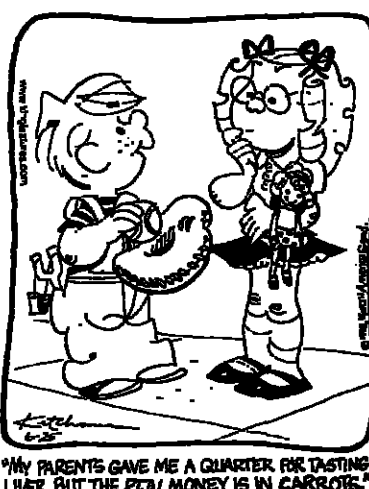
Sampson did say, however, that "people came here to play, they didn't come here to sit on the bench. It's normal for players who don't see playing time to voice frustration."

Sampson took over the team as an interim coach in the spring of 1995 but didn't earn a contract to coach the team in the World Cup until last December. The contract expires after the World Cup. The U.S. Soccer Federation president, Alan Rothenberg, said a decision on Sampson's future with the U.S. team would be made sometime in the month after Thursday's match.

Asked whether Sampson should remain the U.S. coach, Tab Ramos, a three-time World Cup veteran who was among the five new starters against Iran, said: "Has he gotten the most out of the talent we have? That's really the kind of question the people in charge have to answer. Everybody's got a family. I don't want to be the one to say this guy should lose his job or this guy should have a job for the next four years."

"I think a lot of people have a lot of things to say once this is over. I think I'll be one of those guys. Now is not a very good time. There's really no need to get into any bigger of a problem than we have now."

DENNIS THE MENACE



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Unscramble these words. Write the letters in the correct order to form the words. Write the words in the space provided.

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EUQUE
YAWNAY
RUSLAW

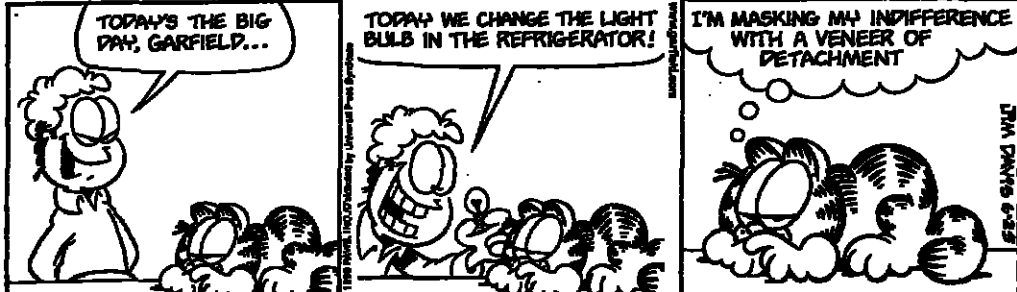
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Answer: When the clues were too long, the answer was ended up with this — A FIT FIT

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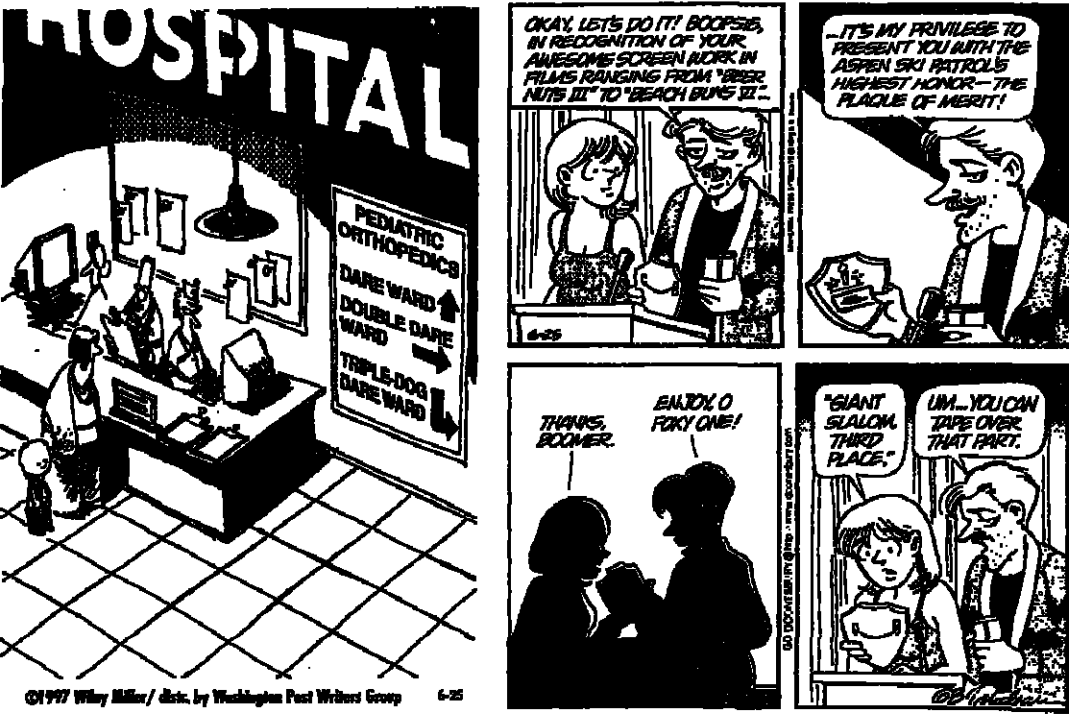
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ART BUCHWALD

Picking on 'Chainsaw'

WASHINGTON — Every once in a while two or three news stories break in a week, and I feel obligated to deal with all of them at the same time.

Recently Charlton Heston became president of the National Rifle Association, the Southern Baptists ruled a wife must graciously submit to her husband and the chairman of Sunbeam Corporation, known as "Chainsaw Al" Dunlap, was bounced out on his ear by his board of directors, and his golden parachute didn't open.

First, the Charlton Heston appointment. Moses, or Ben Hur, or whoever he says he is,

indicated he was taking the job so people will stop knocking his beloved guns.

It isn't guns that do the damage, says Heston, but the fact that the courts are not enforcing the laws.

Moses is a firm believer in the Second Amendment and doesn't like schoolchildren shooting schoolchildren any more than their parents do. At the same time, you cannot penalize law-abiding citizens just because a kid is going to lose it when someone at school calls him a name.

Where do the Southern Baptists come in? They come in by ordering their women to submit to their husbands.

How does that fit in with Charlton Heston? It's yet to be spelled out, but I might be bold enough to suggest that if a wife does not submit to a husband she should be shot.

I'm not saying that this be done by a member of the NRA, but they should have first crack at the target.

My last story has to do with "Chainsaw Al." He was named "Chainsaw" because he constantly bragged about coming into a firm and firing thousands of workers to drive the company's stock up.

While doing this and losing money for Sunbeam, Al kept shooting himself in the foot, which Heston said he had a constitutional right to do.

When "Chainsaw" got the boot it was revealed he worked out a \$35 million severance package for himself. Instead of \$5 million bucks, the board of directors gave him a semi-automatic and told him to do the right thing.

It was a great day for Heston and husbands of Baptist women — but people at his company say "Chainsaw" has seen better ones.

French Prayer Book Sold for £2.7 Million

Agence France Presse
LONDON — A 700-year-old French illustrated prayer book that has never been seen in public was sold in London for £2.7 million (\$4.4 million).

The Burdett Psalter was bought by an anonymous collector. The price was a record for a French illuminated manuscript and the third highest price paid for any illuminated manuscript.

The 13th-century copy of the Book of Psalms is thought to have been commissioned by a French knight, Jean de Villiers, in the Holy Land in the 1280s. It was brought to England, where it had been in the family of Jane Burdett from 1634, unknown to scholars until 1990, when it was sold privately to a collector.

A Stalemate Over a Classic Chinese Opera

By Seth Faison
New York Times Service

SHANGHAI — After a day of last-minute efforts to negotiate a compromise that would permit a local company to travel to New York to perform a classic Chinese opera as a centerpiece of the Lincoln Center Festival next month, cultural officials here continued to block the project. The director of the Shanghai Bureau of Culture insisted that the modern staging of the work was inappropriate for foreign viewers and would not be permitted to travel.

Coming days before the arrival of President Bill Clinton, who is scheduled to land in China on Thursday evening, the artistic controversy threatens to sour an otherwise optimistic atmosphere that has been carefully planned by Chinese and American officials.

Nigel Redden, director of the Lincoln Center Festival, flew to Shanghai on Monday to try to reach a compromise with the Chinese so performances of "The Peony Pavilion" would not have to be abandoned. Although the contract between Lincoln Center and the Kunqu Opera Company does not technically involve the Bureau of Culture, its officials have exercised unwritten authority to step in and make decisions.

After an inconclusive meeting Tuesday, the director of the Bureau of Culture, Ma Bomin, re-issued a statement made last week declaring that extensive revisions of the opera's script were still necessary before it could be approved. It also accused the director hired by Lincoln Center, Chen Shi-Zheng, of introducing "feudal," "ignorant" and "pornographic" elements into the opera.

Redden was more conciliatory, apparently hoping for a last-minute breakthrough even as that possibility seemed increasingly unlikely. "I still hope that we can somehow break the logjam, but I do not have anything positive to report," he said.

The six-part opera was to be brought to France in November.

The opera company's containers packed with six tons of elaborate sets, props and costumes are still stranded at Shanghai International Airport, where a cargo flight scheduled for last week was unexpectedly blocked.

One of the most stunning aspects of the fracas is that plans to perform a 400-year-old Chinese opera in the United States of all things, innocuous, nonpolitical sort of cultural exchange that the Chinese government is trying



A scene from "The Peony Pavilion" by the Kunqu Opera Company of Shanghai.

hard to promote. Showcasing elements of China's endlessly complex culture is something its leaders generally prefer to talk of human rights or nuclear proliferation.

Yet the standoff is a reminder of the considerable political power still wielded by a band of ultraconservative officials despite all the liberating social and economic changes under way here. Rather than promoters of artistic performances, cultural officials often view themselves as the last guardians of Communist Party ideology, outdated and unpopular as it is with most Chinese.

Last week Ma objected to elements of the unorthodox staging of the opera introduced by Chen. It was not political content that offended her but the innovative way that Chen approached the opera, a 55-scene extravaganza that he wanted to stage in his 20-hour entirety. Chen contends that his interpretation of the opera re-creates the original spirit of the work written by Tang Xianzu in 1598 and lost over the years as the genre deteriorated, becoming so stilted and lifeless that relatively

few Chinese viewers could enjoy it. His staging appeared to be a singular success, with the audience at a dress rehearsal in Shanghai this month responding with laughter and raucous applause.

Even The People's Daily, the principal Communist Party newspaper, published an enthusiastic review on June 11: "In such an open theatrical environment, the audience is struck by a richly interesting picture of life of ordinary people in the Ming Dynasty," the reviewer wrote. "This opera is intoxicating from the opening moments."

Other official comment also reflected broad approval from the authorities, before Ma stepped in.

Just a few days ago, the minister of culture, Sun Jiazhang, went out of his way to cite the coming performance of "The Peony Pavilion" in New York as a prime example of cultural cooperation to be celebrated during Clinton's visit.

But on Saturday, the day the Xinhua press agency reported Sun's comments in Beijing,

cultural officials in Shanghai opened a personal attack on Chen, who grew up in China but moved to the United States in 1987.

In commentaries published in Shanghai's three major state-run newspapers, the cultural officials sharply criticized the director, often in stilted and sometimes xenophobic language common to Chinese Communist Party oratory, accusing him of pandering to foreigners, aggrandizing his artistic vision and ignoring sacred traditions.

While the original opera is wildly suggestive, a scene of lovemaking between a man and a ghost occurs behind a screen, without any nudity onstage. As Chen likes to point out, the eroticism of the opera is refined by modern standards, just as it was in the works of Shakespeare, Tang's contemporary.

The differences between cultural bureaucrats like Ma and an innovative director like Chen represent a distinct clash between old and new in China.

The Bureau of Culture relies on faithful copying of well-known performance methods, and insists on a respect for or at least a passive acceptance of authority. In contrast, young artists like Chen stress creativity, individual thinking and experimentation. It is no surprise that his interpretation of "The Peony Pavilion" appears to enjoy virtually unanimous support from actors young and old in the opera company, including its head, who has a leading role in the opera.

Ma, an experienced singer of Peking Opera before she became an official in 1986, now heads one of the most conservative branches of the Shanghai government. She stresses the need for better control over cultural affairs, even though the government continues to cut financing for the arts and even starting to ask for corporate sponsors for cultural affairs it can no longer afford to finance itself.

"People should not be surprised if artistic troupes appear, named after specific companies," Ma told Liberation Daily last month.

Even Ma's way of making her views public relied on old-fashioned party indirectness and obscurity, not that it fooled anyone. When she released a statement on Saturday criticizing Chen, she did so without signing any official's name, instead using the "Kunqu Opera Company Performance Group," as though the actors from "The Peony Pavilion" were voicing the objections.

But no actors stepped forward to claim any such view, and the fax number printed on the statement was from the Bureau of Culture.

PEOPLE

THE singer Michael Jackson will invest an estimated \$800 million to build a family theme park in Rio de Janeiro, city officials announced. Construction of the park is scheduled to begin next year, said Patricia Nolasco, press spokeswoman for Rio de Janeiro's city government. The exact site of the park, which has yet to be decided, will occupy an area of about 1 million square meters, Nolasco said. The park is expected to create 12,000 new jobs, she added. Jackson has also applied to build a theme park in Warsaw.

Shelley Winters will be honored for her half a century on the screen when the Hollywood Film Festival gives her its Lifetime Achievement Award on Aug. 10. Winters, who was strangled by Ronald Colman in "A Double Life" (1948) and seduced by Montgomery Clift in "A Place in the Sun" (1951), won Oscars for her performances in supporting roles in "The Diary of Anne Frank" (1959) and "A Patch of Blue" (1965).

Macaulay Culkin, star of the "Home Alone" movies, married the actress Rachel Miner at an undisclosed location in Connecticut in front of family and friends, Culkin's publicist, Paul Bloch, said. Miner starred in the recent Broadway production of "The Diary of Anne Frank" in the role of Margot, Anne's sister. Culkin's film credits include two "Home Alone" movies, "My Girl," "The Good Son" and "Richie Rich." He made the Forbes magazine richest en-

tertainer list in 1993 after earning \$23 million over two years. They are both 17.

Opening night of the 50th anniversary season at the New York City Ballet could be packed — and that's just on the stage. All former company dancers have been invited to attend the Nov. 24 opening and to take a bow at the end of the evening, said Peter Martins, the company's ballet master. Martins said the celebration "is the biggest thing I've ever been part of." Opening night will repeat the three ballets cho-

Guggenheim Museum Revs Up

NEW YORK — For all who thrill at the look and lore of the motorcycle, the place to be starting Friday is the Solomon Guggenheim Museum, where a new exhibition called "The Art of the Motorcycle" opens for a run through Sept. 20. In an installation designed by the architect Frank Gehry, more than 100 motorcycles will be on display.

The show, organized by Thomas Krens, director of the Guggenheim Foundation, chronicles the evolution of motorcycle technology and design.

reographed by George Balanchine, the company's founder, that made up its first program on Oct. 11, 1948. They are "Concerto Barocco," "Orpheus" and "Symphony in C."

Rock fans who want to get themselves back to the garden will need to dig deep for this summer's two-day musical bash at the farm of the late Max Yasgur. Tickets are priced at \$69.98 a day, quite a switch from the free celebrations of recent years at the natural amphitheater that was home to the Woodstock festival of 1969. Ten Years After will play on Aug. 14, along with Ziggy Marley & the Melodramatics, Stevie Nicks and Don Henley. A day later, Richie Havens, the opening act of the original Woodstock, will perform on a bill with Lou Reed, Joni Mitchell and Pete Townshend.

Everybody is looking for the man in the hat to give him the \$38,000 he forgot to take. Officials of an American Indian gambling casino in Arizona said they were stumped in their efforts to find the man who won a jackpot on June 12 but disappeared before he could be paid. "He just walked off," said Sheila Morago, marketing manager of the Gila River Casino. "You tell me why he did it, because we have no idea. You'd think he'd want his money." Casino officials said the windfall could not possibly have come as a surprise: Bells clanged, lights flashed and the machine locked up as it should have. But the mystery man left before casino employees could arrive.



Culkin and Miner this month at the Tony awards.



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